FRANCHISE DISCLOSURE DOCUMENT

CREST FOODS, INC.
a Texas corporation
101 West Renner Road, Suite 240
Richardson, Texas 75082
(214) 495-9533 (telephone)
(972) 619-6056 (fax)
www.nestlecafe.com

The franchises offered are for the establishment and operation of quick service bakery cafes ("Cafés").

The total investment necessary to begin operation of a Nestle Toll House Café by Chip franchise is $150,300 to $526,300 for an in-line unit, $143,050 to $316,000 for a kiosk and $37,200 to $77,500 for a non-baking satellite cart or kiosk. This includes $30,000 ($15,000 for a non-traditional venue) that must be paid to the franchisor or affiliate. This also includes an additional $5,000 if a satellite location is included that must be paid to the franchisor or affiliate. If you are acquiring franchise development rights you will pay us a development fee equal to $30,000 for the first Café to be developed and $15,000 for each additional Café to be developed.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Rudy Frederico or Kimberly Tauch, 101 West Renner Road, Suite 240, Richardson, Texas 75082, 214-495-9533.

The terms of your contract will govern your franchise relationship. Don't rely on this Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Date of Issuance: April 14, 2017, as amended October 15, 2017

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit H for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AND DEVELOPMENT AGREEMENTS REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION/ARBITRATION/MEDIATION ONLY IN TEXAS. OUT OF STATE LITIGATION/ARBITRATION/MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO SUE/ARBITRATE/MEDIATE WITH US IN TEXAS THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT TEXAS LAW GOVERNS THE AGREEMENT, AND TEXAS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE'S LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral services to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

STATE EFFECTIVE DATES

The following states require that this Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Disclosure Document is either not registered or registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California-	June 2, 2017
Hawaii-	Not registered
Illinois-	April 20, 2017
Indiana-	May 1, 2017
Maryland-	May 8, 2017
Michigan-	June 20, 2017
Minnesota-	June 20, 2017
New York-	August 16, 2000; amended June 13, 2017
North Dakota-	Not registered
Rhode Island-	Not registered
South Dakota-	Not registered
Virginia-	April 25, 2017
Washington-	May 5, 2017
Wisconsin-	April 19, 2017

This Disclosure Document is not required to be registered in the following states, but an exemption has been filed as required by the state's business opportunity laws and the Disclosure Document is effective as of the date specified below:

Florida-	May 1, 2017
Kentucky-	Date of Issuance
Nebraska-	Date of Issuance
Texas-	Date of Issuance
Utah-	April 18, 2017

In all other states the Disclosure Document is effective as of its Date of Issuance.

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

We have written the Disclosure Document in "plain English" in order to comply with legal requirements. Any differences in the language in this Disclosure Document describing the terms, conditions or obligations under the Franchise Agreement and Development Agreement (each as defined below) or any other agreements is not intended to alter in any way your or our rights or obligations under the particular agreement. In this Disclosure Document, Crest Foods, Inc. is referred to as "we," "us," or "our" and the person or entity that will be signing the Franchise Agreement is referred to as "you" or "your."

Franchisor

We were incorporated as a Texas corporation in March 1998. Our principal place of business is 101 West Renner Road, Suite 240, Richardson, Texas 75082, and we do business under our corporate name and the Marks as described below.

Since June 1, 2000, we have franchised retail outlets that feature cookies, desserts, ice cream, confections, other baked goods, savory items, coffees and other beverages and promotional items ("Cafes" or "franchised businesses). Since March 2005, we have offered area representative franchises for the Cafes, which franchises are not offered under this Disclosure Document. The Cafes are generally located within enclosed shopping malls, outlet centers, lifestyle centers, strip shopping centers, medical centers, airports and other similar facilities with a captive market customer base. The Cafes will feature the marks "Nestle Toll House" and "Café by Chip." These principal marks and all other marks which may be designated by us in the future in writing for use with the System (defined below) are referred to in this Disclosure Document as the "Marks." As of the date of this Disclosure Document, we own one Café and a Haagen-Dazs ice cream shop, which are operated under a management leveraging arrangement. As of the date of this Disclosure Document, except as described in this Disclosure Document, we do not own or operate any Café or engage in any other business activity.

From August 1998 to January 2000, we operated a Mrs. Fields Original Cookie franchise in Oklahoma City, Oklahoma. Except as described above, we do not currently operate any business substantially similar to the business that you will operate.

Except as described in this Disclosure Document, we have not offered franchises in this or any other line of business.

Our Parents, Predecessors and Affiliates

Except as described below, we do not have any parents, predecessors or affiliates.

Crest Foods International Ltd. ("International"), a British Virgin Island company with a principal place of business of 101 West Renner Road, Suite 240, Richardson, Texas 75082, was formed on November 11, 2008 and is our affiliate. On February 1, 2009, we licensed International to develop and franchise Cafes in Lebanon, Syria, Jordan, Iraq, Iran, Yemen, Kuwait, Oman, Bahrain, Qatar, Dubai-United Arab Emirates and Saudi Arabia (collectively, the "Middle East") in accordance with the System. Since February 2009, International has offered franchises in the Middle East for Cafes using the principal mark "Nestle Toll House." Except as described in this Disclosure Document, International has not offered franchises in this or any other line or business.

Agents for Service of Process

Our agents for service of process are listed in Exhibit I.

Description of Franchises

We franchise the right to establish and operate a Cafe that is typically located in an enclosed shopping mall, outlet center, lifestyle center or strip shopping center under the Marks and the System under the terms of the Franchise Agreement. We may, however, consider alternative sites such as medical centers, airports, university campuses or other captive market spaces, office/business parks, transportation centers and other similar locations, on a case-by-case basis. Each Cafe will typically offer a menu specializing in cookies, desserts, ice cream, confections, other baked goods, savory items, coffees, and other beverages, some of which will be prepared with our and/or Nestlé's (defined below) proprietary recipes and ingredients. The in-line units without designated seating will typically range in size from 400 to 900 square feet, the in-line units with designated seating will typically range in size from 1,000 to 1,700 square feet, and kiosks will typically range in size between 200 and 400 square feet, with an additional 150 to 250 square feet of offsite storage. Each Cafe generally will have 20 to 40 linear feet of service counter space.

The Cafes are established and operated under a comprehensive and unique system (the "System") that includes distinctive exterior and interior design, decor, color scheme, and furnishings; proprietary products and ingredients; proprietary recipes and special menu items, uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control (including point of purchase and tracking systems); training and assistance; and advertising and promotional programs; all of which we may change, improve, and further develop, in our discretion. Certain aspects of the System are more fully described in this Disclosure Document and the Manuals that are provided to you.

We primarily offer the right to establish and operate a Cafe under the terms of a single unit franchise agreement (the "Franchise Agreement"). The Franchise Agreement that you must sign is attached as Exhibit B to this Disclosure Document. If your Café will be operated at a non-traditional venue, you must also sign an Addendum to Franchise Agreement (Non-Traditional Venue) that is attached as Exhibit B-3 to this Disclosure Document. You may be an individual or legal entity. Under the Franchise Agreement, certain parties are characterized as your Principals (referred to in this Disclosure Document as "your Principals"). The Franchise Agreement is signed by us, by you, and by those of your Principals whom we designate as Controlling Principals. In most instances, we will designate your principal equity owners and executive officers, and certain affiliated entities as Controlling Principals. By signing the Franchise Agreement, your Controlling Principals agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and noncompetition, and to personally guarantee your performance under the Franchise Agreement. Depending on the type of business activities in which you or your Principals may be involved, we may require you or your Principals to sign additional confidentiality and noncompetition agreements.

In certain circumstances we also offer to franchisees a license to operate a non-baking satellite cart or kiosk ("Satellite") as an auxiliary to the Café. If you elect to operate a Satellite, you must sign the Addendum to Franchise Agreement (Satellite) that is attached as Exhibit B-2 to this Disclosure Document. The Satellite will carry only a limited menu of items. For purposes of this Disclosure Document, the term Cafe includes any Satellite.

We entered into a memorandum of understanding with Red Mango, LLC ("RM") that allows you an opportunity to own and operate a Red Mango store offering frozen yogurt and smoothies ("Store") within the same integrated rental space as the Cafe, but with two distinctly branded areas (a "NTHC/RM Leveraged Concept"). A NTHC/RM Leverage Concept will generally share managers, employees, certain equipment and storage space. We are not affiliated with RM. RM Store franchises are offered under a separate Disclosure Document issued by RM. This Disclosure Document does not describe the terms on which RM offers franchises. If you elect to operate the Café as a NTHC/RM Leveraged Concept, and both we and RM approve you to operate a NTHC/RM Leveraged Concept, you must sign (i) the Addendum to Franchise Agreement (Red Mango Management Leveraging Program) that is attached as Exhibit B-4 to this Disclosure Document and (ii) a franchise agreement with RM for the construction and operation of a Store. You are solely responsible for securing any rights necessary to operate a Store from RM, over whom we have no control. We will have no responsibility or liability for any obligation of RM under your franchise agreement with RM or related to the Store, and you must look solely to RM for the satisfaction of those obligations. Our permission for you to construct and operate the Café as part of a NTHC/RM Leveraged Concept is not a recommendation for you to construct and operate the Café as part of a NTHC/RM Leveraged Concept.

You must also designate an "Operating Principal" who will be the main individual responsible for your business. If you are an individual, you will be the Operating Principal. If you are not an individual, the person you designate as your Operating Principal must maintain an equity interest in you. The Operating Principal must sign the Franchise Agreement as the Operating Principal and as one of your Controlling Principals. The Operating Principal must individually make certain covenants in the Franchise Agreement and must personally guarantee your performance under the Franchise Agreement.

In certain limited circumstances, we will offer to you the right to enter into an area development agreement to develop more than 1 franchised Cafe within a specifically described geographic territory or within specifically described shopping malls or other centers (the "Development Agreement"). The Development Agreement that you must sign is attached as Exhibit C to this Disclosure Document. We will determine the territory, malls, or centers before you sign the Development Agreement and it will be included in the Development Agreement (the "Territory"). Under a Development Agreement, you must establish more than 1 Cafe within the Territory according to a development schedule, and to enter into a separate Franchise Agreement for each Cafe established under the Development Agreement. The Franchise Agreement for the first Cafe developed under the Development Agreement will be in the form attached as Exhibit B to this Disclosure Document. For each additional Cafe developed under the Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees. The size of the Territory will vary depending on local market conditions and the number of Cafes to be developed.

The person or entity signing the Development Agreement is referred to as the "Developer." The Development Agreement contains concepts similar to the Franchise Agreement involving the "Developer's Principals," Controlling Principals of Developer, and an Operating Principal of Developer. For purposes of this Disclosure Document, the terms your Principals, Controlling Principals and Operating Principal, include those persons having similar obligations identified in both the Development Agreement and Franchise Agreement, and the terms you, your, and Franchisee also include the Developer under the Development Agreement, unless we have noted otherwise.

General Description of the Market and Competition

The market for the food products and services offered by the Cafes is developed and highly competitive, as is the market for obtaining locations in qualified shopping malls or other similar buildings with a captive market customer base or in outlet centers, town centers, lifestyle centers or strip shopping centers. You will compete against local and national branded quick service dessert and bakery establishments, as well as other quick service food and beverage establishments. We plan controlled expansion into areas that we determine can support the Cafes to improve name recognition and the reputation of the System through franchised businesses. We believe that our competitive position will be improved based on that expansion, and that our concept will be able to attract customers consistently in those markets.

Regulations Specific to the Industry

In addition to the laws and regulations applicable to businesses generally, you should consider the federal, state and local laws, rules and ordinances related to the method of preparation and sanitation conditions applicable to businesses in the restaurant and food service industry.

ITEM 2
BUSINESS EXPERIENCE

Director and Chief Executive Officer: Ziad S. Dalal

Ziad has served as Director since our inception and as Chief Executive Officer since March 2001.

Vice President of Operations: Joey Zapoli

Joey has served in his current position since October 2017. From September 2016 to March 2017, he served as Vice President of Hospitality for Levy Restaurant at the American Airlines Center in Dallas, Texas for the Dallas Stars and the Dallas Mavericks. From February 2012 to June 2016, he served as Director of Operations for Cinergy Cinemas in Dallas, Texas.

Vice President of Franchise Development: Rudolph "Rudy" A. Frederico

Rudy has served in his current position since September 2017. From November 2014 to September 2017, he served as Director of Franchise Development for BRIX Holdings, LLC in Dallas, Texas. From February 2012 to November 2014, he was a Manager of Franchise Development for Rent-A-Center Franchising International, Inc. in Dallas, Texas.

For information on our Area Representatives in the United States, Puerto Rico and U.S. Virgin Islands, see Exhibit K.

ITEM 3
LITIGATION

Except for the action described below, no litigation is required to be disclosed in this Item. For information on our Area Representatives in the United States, Puerto Rico and U.S. Virgin Islands, see Exhibit K.

Nestle USA, Inc. v. Crest Foods, Inc. (Case No. 2:16-cv-07519), United States District Court for the Central District of California. On October 7, 2016, Nestle USA, Inc. ("Nestle USA"), the licensor of the "Nestle" and "Toll House" marks (the "Nestle Marks") to us in the United States and Canada, filed a civil action against us alleging trademark infringement, dilution, false designation of origin, deceptive acts and practices, unfair competition and breach of contract relating to our use and license of the Nestle Marks. The action seeks unspecified monetary damages, an injunction against unauthorized use of the Nestle Marks and trade dress, the recall and destruction of unauthorized materials, advertisements, displays and products, disgorgement of our profits resulting from the alleged infringements, and a declaratory judgment that we have violated our obligations under the Nestle Development Agreement (as defined in Item 12) and Master Product Reference Agreement (as defined in Item 13). On December 12, 2016, we filed an answer denying these allegations. On January 6, 2017, we filed counterclaims and third party claims against Nestle USA, Nestle Canada Inc., Société Des Produits Nestlé S.A., and Nestlé S.A. alleging breach of implied covenant of good faith and fair dealing, tortious and negligent interference, intentional interference with contractual relations, intentional interference with prospective economic relations, trade libel and disparagement, civil conspiracy, breach of contract, unjust enrichment, and unfair competition. We intend to vigorously defend against Nestle's claims and prosecute our counterclaims and third party claims. A trial date for this action has not yet been set.

Nestle Middle East, FZE, Inc. v. Crest Foods, Inc. (Case No. 22328/TO), International Chamber of Commerce International Court of Arbitration. On October 7, 2016, Nestle Middle East, FZE ("Nestle Middle East"), the licensor of the "Nestle" and "Toll House" marks (the "Nestle Marks") to us in the Middle East, filed a Request for Arbitration alleging breach of contract and trademark infringement relating to our use and license of the Nestle Marks in the Middle East. The action seeks unspecified monetary damages, an injunction against unauthorized use of the Nestle Marks and trade dress or misappropriation of the goodwill and reputation associated with the Nestle Marks, a declaration that Nestle Middle East may terminate the Middle East Master Product Reference Agreement and the Middle East Development Agreement, each between Nestle Middle East and us, indemnification against liability, losses and expenses, which Nestle Middle East may incur, and the recall and destruction of unauthorized materials, advertisements, displays and products. On December 27, 2016, we filed an Answer and Counterclaim, denying these allegations and bringing a counterclaim against Nestle Middle East for tortious interference, unfair competition, breach of the duty of good faith and fair dealing, breach of contract and frustration of purpose, and unjust enrichment. We intend to vigorously defend against Nestle Middle East's claims and prosecute our counterclaims. A date for this arbitration has not yet been set.

Michael Pecoraro, Kathy Pecoraro and Blue Moon Cookie Company v. Crest Foods, Inc., Doyle Liesenfelt and Ziad S. Dalal (Case No. 37-2009-00087424-CU-FR-CTL), Superior Court of the State of California, San Diego County. On April 10, 2009, Michael Pecoraro, Kathy Pecoraro and Blue Moon Cookie Company (the "Pecoraros"), a former franchisee, filed a civil action against us, Doyle Liesenfelt and Ziad S. Dalal. In this action the Pecoraros alleged intentionally misrepresentation, negligent misrepresentation, breach of contract, negligence and violation of the Texas deceptive trade practices and consumer protection act relating to their selection of a site for their café and sought unspecified damages. The parties executed a Settlement Agreement and Release effective as of September 19, 2009, under which the Pecoraros assigned to us all right, title and interest in any assets located at the Café as of July 1, 2009 and we agreed to pay the Pecoraros $75,000 over a 12 month period.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item. For information on our Area Representatives in the United States, Puerto Rico and U.S. Virgin Islands, see Exhibit K.

ITEM 5
INITIAL FEES

Initial Franchise Fee

When you sign a Franchise Agreement you must pay us a nonrefundable initial franchise fee of $30,000 ($15,000 for a non-traditional venue). If you sign an Addendum to Franchise Agreement (Satellite), you must pay us a satellite fee of $5,000. If you are entering into a Development Agreement, the initial franchise fee for the first Café you develop will be $30,000 and the initial franchise fee for each additional Café you develop will be $15,000. Except as described in this Item 5, the initial franchise fee is the same for all franchisees under this offering.

If your Café will be a NTHC/RM Leveraged Concept your initial franchise fee will be reduced as follows. If you are an existing franchisee of RM and open a NTHC/RM Leveraged Concept at a new location, the initial franchise fee for the Café will be $5,000. If you are an existing franchisee of ours and open a NTHC/RM Leveraged Concept at a new location, the initial franchise fee for the Café will be $15,000. If you are an existing RM franchisee and desire to convert your Store to a NTHC/RM Leveraged Concept, the initial franchise fee for the Café will be $5,000. RM franchisees will need to obtain permission from RM, as well as the landlord, in order to operate a NTHC/RM Leveraged Concept. Attached as Exhibit B-4 is the Addendum to Franchise Agreement (Red Mango Management Leveraging Program) to be used to amend the Franchise Agreement for a NTHC/RM Leveraged Concept.

In certain circumstances, we may discount the initial franchise fee for existing franchisees who wish to open additional Cafes, including Cafes as part of a co-brand or management leveraged concept, but are not under a Development Agreement, or for military veterans. In our fiscal year ended December 25, 2016, the initial franchise fees ranged from $5,000 to $30,000, with the $5,000 initial franchise fee being granted to a franchisee opening a NTHC/RM Leveraged Concept.

Development Fee

When you sign a Development Agreement, you must pay us a nonrefundable development fee equal to the sum of $30,000 for the first franchise agreement plus $15,000 for each additional franchise agreement contemplated under the Development Agreement. As Franchise Agreements are signed under the Development Agreement, we will issue you credits that are designed to fully satisfy the initial franchise fees due under those Franchise Agreements. For the first Franchise Agreement signed, you will receive a credit equal to $30,000. For the second and each additional Franchise Agreement signed, you will receive a credit equal to $15,000. Except as described above, the basis for calculating the development fee will be the same for all franchisees entering into Development Agreements under this offering; however, the actual dollar amount paid may vary depending on the number of Cafes you commit to develop.

Initial Training Fee

We do not charge a training fee for the initial training of your Operating Principal and General Manager (or 1 other additional personnel). At your request, and if space is available, we will provide initial training to additional members of your personnel, and we may charge a fee for that initial training. We currently charge $1,500 per person for initial training of additional personnel. This fee represents our cost of providing the training, including our administrative costs of making personnel available for training purposes, and the cost of materials. You must pay the initial training fee for the additional personnel before training begins and it is nonrefundable. The initial training fee is charged uniformly to all franchisees under this Disclosure Document, although actual dollar amounts may vary depending on how many additional persons are trained.

Site Evaluation Fee

We reserve the right to charge a reasonable fee for any on-site evaluation as described below. If we determine that on-site evaluations are necessary, or you reasonably request additional on-site evaluations, you must pay us a fee for the evaluation and must reimburse us for all of our reasonable expenses (such as the cost of travel, lodging, meals and wages) incurred performing the evaluation. Our current site evaluation fee is $500, which must be paid within 15 days after we bill you. This fee is charged uniformly to all franchisees under this offering, although the actual dollar amounts paid may vary depending on the number of site evaluations and the expenses we incur performing the services. Site evaluation fees and expenses are nonrefundable.

ITEM 6
OTHER FEES

Type of Fee (1)	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Sales. (2)	Weekly on Wednesday.	Amounts due will be withdrawn by EFT from your designated bank account (3).
Marketing Fund	Currently 1.5% of Gross Sales. Maximum of 2% of Gross Sales. (4)	Weekly on Wednesday.	We have the right to require you to contribute up to a maximum of 2% of Gross Sales. Amounts due will be withdrawn by EFT from your designated bank account. (3)
Local Advertising	Currently 0% of Gross Sales. Maximum of 1% of Gross Sales. (4)	As incurred by you.	We do not currently impose a local advertising obligation. We have the right to require you to spend up to 1% of Gross Sales on local advertising. Your contributions to an Advertising Cooperative are credited against your local advertising obligation.

Type of Fee (1)	Amount	Due Date	Remarks
Cooperative Advertising	Currently 0% of Gross Sales. Maximum of 1% of Gross Sales. (4)	As determined by Cooperative.	No Cooperatives have been established as of the date of this Disclosure Document. Cooperatives will be comprised of all franchised and company-owned Cafes located in designated geographic areas. Each Café will have 1 vote in the cooperative. We may allocate your Cooperative contribution to the Fund.
Advertising & Promotional Materials	Varies, depending on your advertising needs.	When billed.	
Intranet Access Fee	Currently $343 per year	Weekly on Wednesday	Amounts due will be withdrawn by EFT from your designated bank account. (3)
Interest	18% or highest rate allowed by applicable law.	On demand.	Interest may be charged on all overdue amounts.
Initial Training of additional or replacement and successor personnel	$1,500 per person	Before training.	No charge for initial training for initial General Manager and Operating Principal.
Additional Assistance	If you request additional assistance, you must pay the current per diem charge for our employees used to provide the assistance and our associated costs. Current per diem $500.	When billed.	We provide opening assistance without additional charge. Any additional assistance you requested is billed at the current per diem rate.
Transfer Fee	$15,000 ($30,000 if the transfer occurs during the first year of the Franchise Agreement) plus our reasonable costs and expenses associated with the transfer, including training costs, legal and accounting fees and costs, and referral fees paid to franchise brokers.	Before transfer.	Only our costs and expenses are charged if you transfer your rights to an entity controlled by you. The transfer fee is the same under both the Franchise Agreement and the Development Agreement.
Referral Fee	Greater of $5,000 or 10% of the sales price.	Closing of sale	Due only if a person we refer to you buys your franchised business or an ownership interest in you or in the Franchise Agreement. This fee is in addition to the transfer fee.
Public Offering	$10,000 or any greater amount necessary to reimburse us for our reasonable costs and expenses in reviewing the proposed securities offering.	When billed.	This covers our cost to review the proposed offering of your securities. The offering fee is the same under both the Franchise Agreement and the Development Agreement.
Renewal Fee	25% of then-current initial franchise fee.	On signing renewal franchise agreement.	You must give us at least 6 months' notice; remodel to current standards; sign then current agreement.
Additional or Remedial Training	Our cost in providing the training.	Before additional training.	We may charge a fee for additional or remedial training. Cost will vary based on the staff, location, and type of training being offered.
Annual and Other Mandatory Meetings	The registration fee for the annual or other mandatory meetings. You must pay this fee even if your Operating Principal fails to attend any mandatory meeting.	At the time you register for the meeting or, if you fail to register, when we invoice you.	Your Operating Principal must attend each annual or other meeting we designate as mandatory. The registration fee may be withdrawn by EFT from your designated bank account.

Type of Fee (1)	Amount	Due Date	Remarks
Support Fee	$100 per week	Weekly	If you fail to have a replacement General Manager trained or certified as meeting our standards after a General Manager leaves, we may charge you this fee until your replacement manager is trained or certified, as applicable.
Corrective Action or Reinspection Fee	$500 per visit, plus expenses.	On demand	If you fail to correct any noted deficiencies, or provide evidence of such correction, within a reasonable time as we determine, we may correct such deficiencies or reinspect the Café or both.
Site Evaluation	$500 per visit, plus expenses.	15 days after billing.	
Inspection and Testing	Cost of inspection or testing.	When billed.	We may require you to pay us or an independent laboratory for the cost of inspection or testing if you purchase or lease items used in the Cafe from sources we have not previously approved.
Indemnification	Varies according to loss.	On demand.	You must indemnify us when certain of your actions result in loss to us under the Agreements.
Audit Fee	Cost of audit.	When billed.	Payable only if we find, after an audit, that you have understated any amount you owe to us by more than 2%.
Late Payment or Reporting Fee	$50 per day you are late	Daily	If you fail to pay royalties when due or fail to submit royalty reports weekly as required, we may charge you $50 per day until the payment or report is received.
Extension Fee	$5,000	With your request.	If you request an extension of the Development Period to meet your Development obligations, you must pay an extension fee.
Manual Replacement Fee	$1,000	When billed.	If you request additional or replacement copies of the Manual.
Satellite Fee	$5,000	On signing Addendum to Franchise Agreement (Satellite).	If you elect to operate a Satellite in conjunction with your Café
Satellite Transfer Fee	50% of then-current satellite fee.	Before transfer.	Payable on transfer of the Franchise Agreement if you have a Satellite.
Management Fee	Up to 8% of the costs and expenses of the build out of the Cafe	When billed	Payable if we manage the design, construction, installation, furnishing, and/or equipping of the Café

Notes:

(1) All fees and expenses described in this Item 6 are nonrefundable and are generally uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to, us. Except as specifically stated above, the amounts given may be subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments over which we have control.

(2) "Gross Sales" means the total selling price of all services and products and all income of every other kind and nature related to the Cafe (including, income related to catering and delivery activities, and any sales or orders of food products or food preparation services provided from or related to the Cafe), whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the electronic point of sale system and any cash shortage will not be considered in the determination. Gross Sales expressly excludes the following:

(a) Sums representing sales taxes collected directly from customers, based on present or future laws of federal, state or local governments, collected by you in the operation of the Cafe, and any other tax, excise or duty which is levied or assessed against you by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Cafe, provided that the taxes are actually transmitted to the appropriate taxing authority;

(b) Proceeds from isolated sales of trade fixtures not constituting any part of your products and services offered for resale at the Cafe nor having any material effect on the ongoing operation of the Cafe required under the Franchise Agreement; and

(c) Other items we may authorize to be excluded from Gross Sales. Any exclusion may be revoked or withdrawn at any time in writing by us.

If you operate the Café as part of a co-brand or management leveraged concept, Gross Sales will exclude the selling price of all products on which we and the franchisor of the other concept agree will be allocated to the other concept. We and the franchisor of the other concept may, at any time, change the sales allocation of products between the Café and the other concept, and you must comply with any such change in sales allocation.

(3) The royalty fee, Fund contribution, and intranet access fee will be withdrawn from your designated bank account by electronic fund transfer ("EFT") weekly on Wednesday (or monthly for the intranet access fee) (see Sections 4.2, 7.7 and 8.3 of the Franchise Agreement), unless we require otherwise. You must maintain sufficient funds in your designated bank account to pay the royalty fee, required Fund contribution, and intranet access fee.

(4) Your total required advertising contributions or payments (i) to a Fund, (ii) to a Cooperative, and (iii) for Local Advertising will not exceed 2% of your Gross Sales.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
(In-line Unit)

Type of expenditure (1)	Amount (Low)	Amount (High)	Method of payment	When due	To whom payment is to be made
Initial franchise fee (2)	$15,000	$30,000	Lump Sum	On signing Franchise Agreement.	Us
Build out (3)	$40,000	$250,000	As Invoiced	As Arranged	Building Contractors
Architectural engineering (4)	$5,000	$15,000	As Invoiced	As Arranged	Architect
Project manager fees (5)	$3,000	$6,000	As Invoiced	As Arranged	Project Manager
Legal fees (6)	$1,500	$3,000	As Invoiced	As Arranged	Attorney
Lease payments and other rental expenses (7)	$2,500	$12,000	Per Lease	Monthly	Lessor
Equipment and furniture (8)	$30,000	$105,000	As Invoiced	As Arranged	Suppliers
Signage (9)	$7,000	$15,000	As Invoiced	As Arranged	Suppliers
Initial inventory (10)	$4,000	$9,000	As Invoiced	As Arranged	Suppliers
Electronic point of sale system, monitoring software and required hardware (11)	$2,300	$4,600	As Invoiced	Lump Sum	Suppliers
Phone and Internet service (12)	$350	$500	As Invoiced	Lump Sum	Suppliers
Travel, lodging and meals for initial training (13)	$1,900	$2,700	As Incurred	As Incurred	Suppliers
Business supplies (stationery, business cards, brochures, presentation folders, paper and other materials) (14)	$1,000	$1,500	As Invoiced	Lump Sum	Suppliers
Business licenses, permits, etc. (for first year) (15)	$250	$3,500	As Incurred	As Arranged	Local Government
Insurance deposits and premiums (for first year) (16)	$1,500	$3,500	As Invoiced	As Arranged	Insurance company
Opening advertising (17)	$5,000	$5,000	As Invoiced	As Arranged	Advertising Agency
Additional funds (18)	$30,000	$60,000	As Incurred	As Arranged	
Total	$150,300	$526,300			

Notes:

(1) The amounts you pay are typically non-refundable. We do not finance any part of the initial investment.

(2) You must pay an initial franchise fee of $30,000 ($15,000 for a non-traditional venue) if you sign a Franchise Agreement to obtain a single Cafe or for the first Cafe under a Development Agreement. If you entered into a Development Agreement, we will credit the applicable portion of the development fee you paid against the initial franchise fee. The initial franchise fee is nonrefundable under the terms of the

Franchise Agreement. No amounts for a separate development fee charged for the development of Cafes in addition to the first Cafe is included in the estimate since those payments are credited against franchise fees.

(3) The cost of build out will vary depending on (i) the size and configuration of the premises; (ii) pre-construction costs (e.g., demolition of existing walls and removal existing improvements and fixtures); and (iii) cost or materials and labor which may vary based on geography, location and landlord specifications. You must adapt our prototypical plans and specifications for the construction and finish-out of the Cafe. These figures are our best estimate based on construction/finish-out rates and conditions in Dallas, Texas and other markets in which we have experience. Those amounts may vary substantially based on local conditions, including the availability and prices of labor and materials. These costs may also vary depending on whether certain of these costs will be incurred by the landlord and allocated over the term of the lease.

(4) The architectural engineering fees will vary depending on location of the firm, location of the Cafe, number of final plans required, state and local regulations, and various other factors. You should obtain detailed quotes from various architects before making a selection, to ensure the costs are in line with the work being performed.

(5) The project manager fees will vary depending on location of the firm, location of the Cafe, state and local regulations, and various other factors. You should consult various project managers to determine the costs that are appropriate for your area.

(6) The legal fees will vary depending on the scope of work performed by your legal counsel. Legal fees also vary depending on the size and location of your legal counsel. You should consult various legal firms to determine the costs that are appropriate for your area.

(7) The figures are for the first month's rent and assume that the premises of the Cafe will be in a regional or super- regional mall, outlet center, lifestyle center or strip shopping center ranging from 400 to 1,700 square feet, and that no security deposit is required. Further, the figures assume base annual rental rates ranging from $20 to $150 per square foot. Landlords may also vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, the lease may require you to pay common area maintenance charges ("CAM Charges") for the mall or center, your pro rata share of the real estate taxes and insurance for the mall or center, and your pro rata share of HVAC and trash removal. The actual amount you pay under the lease will vary depending on the size of the Cafe, the types of changes that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region.

(8) You must purchase certain equipment meeting our specifications to be used in the Cafe, including, ice machine, refrigerator, walk-in cooler and freezer, oven, coffee brewer, espresso machine, ice cream display, android or apple tablet, work tables, shelving and other items including smallwares. We have established relationships with equipment vendors for certain equipment used in the Cafe that meets our specifications. We do not require you to purchase from these vendors.

(9) These amounts represent your cost for digital menu boards, graphics, graphics hardware, neon logo and descriptive signs. Each mall or center has different restrictions it places on interior and exterior signage that may affect your costs.

(10) These amounts represent your initial inventory of food supplies, cups and paper goods, and gift cards for use in the first month of operating the franchise business.

(11) Typically, you will use 2 terminals per Cafe; however, many locations use 3 terminals. Our approved supplier will make available to you certain customized data base configurations and upgrades specific for the Cafe to be loaded on to your system. We have the right to access this information through

file transfer protocol or polling through the Internet at our discretion. This total also includes the various software and hardware necessary to complete back office reporting, polling, credit card and gift card transactions.

(12) You must have a back office PC, android or apple tablet and a fully integrated POS system, each with Internet access for email, polling and our intranet in order to communicate with us and to access our Manual (as defined in Item 11). You must install the software we require, including the entire Microsoft Office Suite and Adobe Acrobat. You must also have an all in one printer unit that scans, prints, copies and faxes.

(13) We provide initial training to your initial Operating Principal and General Manager at no charge. These estimates include only your out-of-pocket costs associated with the training of the Operating Principal and General Manager (including travel, room, and board). These amounts do not include any fees or expenses for training any other personnel. Training is for an 11-day period. These costs will vary depending on your selection of lodging and dining facilities and mode and distance of transportation.

(14) You must purchase business cards, brochures and other written materials for use in the franchise business. You will typically purchase amounts that may last as long as 6 months.

(15) These are estimates of the costs for obtaining local business licenses that typically remain in effect for 1 year. These figures do not include occupancy and construction permits that were included in the leasehold improvement costs. The cost of these permits and licenses will vary substantially depending on the location of the franchised business.

(16) These figures are estimates of the cost of the annual premiums for the insurance you must obtain and maintain for the franchised business.

(17) You must spend a minimum of $5,000 on opening advertising and promotion of your Café.

(18) These amounts are our estimate of the amount needed to cover your expenses for the start-up phase of your business, including: professional fees in connection with obtaining and establishing the franchise business; 2 months' lease payments; the cost of 3 months' advertising and promotional expenditures; 3 months payroll for a manager, 2 assistant managers and 4 hourly employees; utilities and telephone service for 3 months and other costs. We estimated the start-up phase to be 3 months from the date the Cafe opens for business. These figures are estimates and we cannot assure you that you will not have additional expenses starting the Cafe. Your actual costs will depend on your management skill, experience and business acumen; local economic conditions; the local market for products; the prevailing wage rate; competition; and the sales level reached during the start-up phase. These amounts do not include any estimates for debt service.

(19) If you develop multiple Cafes under our Development Agreement, we anticipate that your initial investment for each Café developed will be the same as is reflected in the above chart, subject to applicable inflationary increases.

Except as specifically stated above, the amounts given may be subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments over which we have control.

YOUR ESTIMATED INITIAL INVESTMENT
(Kiosk)

Type of expenditure (1)	Amount (Low)	Amount (High)	Method of payment	When due	To whom payment is to be made
Initial franchise fee (2)	$15,000	$30,000	Lump Sum	On signing Franchise Agreement.	Us
Leasehold improvements (3)	$10,000	$20,000	As Invoiced	As Arranged	Building Contractors
Kiosk manufacture and installation (4)	$40,000	$85,000	As Invoiced	As Arranged	Architect
Project manager fees (5)	$3,000	$6,000	As Invoiced	As Arranged	Project Manager
Legal fees (6)	$1,500	$3,000	As Invoiced	As Arranged	Attorney
Lease payments and other rental expenses (7)	$2,500	$10,000	Per Lease	Monthly	Lessor
Equipment (8)	$35,000	$95,700	As Invoiced	As Arranged	Suppliers
Initial inventory (9)	$4,000	$6,000	As Invoiced	As Arranged	Suppliers
Electronic point of sale system, monitoring software and required hardware (10)	$2,300	$4,600	As Invoiced	Lump Sum	Suppliers
Phone and Internet service (11)	$100	$500	As Invoiced	Lump Sum	Suppliers
Travel, lodging and meals for initial training (12)	$1,900	$2,700	As Incurred	As Incurred	Suppliers
Business supplies (stationery, business cards, brochures, presentation folders, paper and other materials (13)	$1,000	$1,500	As Invoiced	Lump Sum	Suppliers
Business licenses, permits, etc. (for first year) (14)	$250	$3,500	As Incurred	As Arranged	Local Government
Insurance deposits and premiums (for first year) (15)	$1,500	$2,500	As Invoiced	As Arranged	Insurance company
Opening advertising (16)	$5,000	$5,000	As Invoiced	As Arranged	Advertising Agency
Additional funds (17)	$20,000	$40,000	As Incurred	As Arranged	
Total (18)	$143,050	$316,000			

<u>Notes</u>:

(1) The amounts you pay are typically non-refundable. We do not finance any part of the initial investment.

(2) You must pay an initial franchise fee of $30,000 ($15,000 for a non-traditional venue) if you sign a Franchise Agreement to obtain a single Cafe or for the first Cafe under a Development Agreement. If you entered into a Development Agreement, we will credit the applicable portion of the development fee you paid against the initial franchise fee. The initial franchise fee is nonrefundable under the terms of the Franchise Agreement. No amounts for a separate development fee charged for the development of Cafes in addition to the first Cafe is included in the estimate since those payments are credited against franchise fees.

(3) The leasehold improvements will depend on the size of the kiosk as well as the necessary construction related to bringing the utility hook-up to the designated area of the kiosk unit for connection.

(4) The cost of the kiosk, including signage, will vary depending on (i) the cost to fabricate the kiosk, which will vary depending on the size and configuration of the kiosk; and (ii) the cost of installation of the kiosk, which will vary based on geography, location and landlord specifications. You may also need to make improvements to your storage space for the kiosk. These figures are our best estimate based on the fabrication and installation of a kiosk and other conditions in Dallas, Texas and other markets in which we have experience. Those amounts may vary substantially based on local conditions, including the availability and prices of labor and materials.

(5) The project manager fees will vary depending on location of the firm, location of the Cafe, state and local regulations, and various other factors. You should consult various project managers to determine the costs that are appropriate for your area.

(6) The legal fees will vary depending on the scope of work performed by your legal counsel. Legal fees also vary depending on the size and location of your legal counsel. You should consult various legal firms to determine the costs that are appropriate for your area.

(7) The figures are for the first month's rent and assume that the kiosk and related storage space will be in a regional or super- regional mall and occupy approximately 300 to 400 square feet, and that no security deposit is required. Further, the figures assume base annual rental rates ranging from $100 to $200 per square foot. Landlords may also vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, the lease may require you to pay common area maintenance charges ("CAM Charges") for the mall, your pro rata share of the real estate taxes and insurance for the mall, and your pro rata share of HVAC and trash removal. The actual amount you pay under the lease will vary depending on the size of the kiosk and related storage space, the types of changes that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region.

(8) You must purchase certain equipment meeting our specifications to be used with the kiosk, including, ice machine, refrigerator, cooler and freezer, oven, coffee brewer, espresso machine, ice cream display, digital menu boards, android or apple tablet, work tables, shelving and other items including smallwares. We have established relationships with equipment vendors for certain equipment used with the kiosk that meets our specifications. We do not require you to purchase from these vendors.

(9) These amounts represent your initial inventory of food supplies, cups and paper goods, and gift cards for use in the first month of operating the franchise business.

(10) Typically, you will use 2 terminals per kiosk. Our approved supplier will make available to you certain customized data base configurations and upgrades specific for the kiosk to be loaded on to your system. We have the right to access this information through file transfer protocol or polling through the Internet at our discretion. This total also includes the various software and hardware necessary to complete back office reporting, polling, credit card and gift card transactions.

(11) You must have a back office PC, android or apple tablet and a fully integrated POS system, each with Internet access for email, polling and our intranet in order to communicate with us and to access our Manual. You must install the software we require, including the entire Microsoft Office Suite and Adobe Acrobat. You must also have an all in one printer unit that scans, prints, copies and faxes.

(12) We provide initial training to your initial Operating Principal and General Manager at no charge. These estimates include only your out-of-pocket costs associated with the training of the Operating Principal and General Manager (including travel, room, and board). These amounts do not include any

fees or expenses for training any other personnel. Training is for an 11-day period. These costs will vary depending on your selection of lodging and dining facilities and mode and distance of transportation.

(13) You must purchase business cards, brochures and other written materials for use in the franchise business. You will typically purchase amounts that may last as long as 6 months.

(14) These are estimates of the costs for obtaining local business licenses that typically remain in effect for 1 year. These figures do not include occupancy and construction permits that were included in the leasehold improvement costs. The cost of these permits and licenses will vary substantially depending on the location of the franchised business.

(15) These figures are estimates of the cost of the annual premiums for the insurance you must obtain and maintain for the franchised business.

(16) You must spend a minimum of $5,000 on opening advertising and promotion of your Café.

(17) These amounts are our estimate of the amount needed to cover your expenses for the start-up phase of your business, including: professional fees in connection with obtaining and establishing the franchise business; 2 months' lease payments; the cost of 3 months' advertising and promotional expenditures; 3 months payroll for a manager, an assistant manager and 4 hourly employees; utilities and telephone service for 3 months and other costs. We estimated the start-up phase to be 3 months from the date the kiosk opens for business. These figures are estimates and we cannot assure you that you will not have additional expenses starting the kiosk. Your actual costs will depend on your management skill, experience and business acumen; local economic conditions; the local market for products; the prevailing wage rate; competition; and the sales level reached during the start-up phase. These amounts do not include any estimates for debt service.

(18) If you develop multiple Cafes under our Development Agreement, we anticipate that your initial investment for each Café developed will be the same as is reflected in the above chart, subject to applicable inflationary increases.

Except as specifically stated above, the amounts given may be subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments over which we have control.

YOUR ESTIMATED INITIAL INVESTMENT
(Non-Baking Satellite Cart or Kiosk)

Type of expenditure (1)	Amount (Low)	Amount (High)	Method of payment	When due	To whom payment is to be made
Satellite fee (2)	$5,000	$5,000	Lump Sum	On signing Franchise Agreement.	Us
Cart or kiosk purchase (3)	$25,000	$58,000	As Invoiced	As Arranged	Supplier
Lease payments and other rental expenses (4)	$1,000	$4,800	Per Lease	As Arranged	Lessor
Initial inventory (5)	$2,000	$3,000	As Invoiced	As Arranged	Suppliers
Electronic point of sale system, monitoring software and required hardware (6)	$2,300	$2,300	As Invoiced	Lump Sum	Suppliers
Phone and Internet service (7)	$100	$300	As Invoiced	Lump Sum	Suppliers
Insurance premiums (for first year) (8)	$300	$600	As Invoiced	As Arranged	Insurance company
Additional funds (9)	$1,500	$3,500	As Incurred	As Arranged	
Total	$37,200	$77,500			

__Notes__:

(1) The amounts you pay are typically non-refundable. We do not finance any part of the initial investment.

(2) You must pay a satellite fee of $5,000 if you sign an Addendum to Franchise Agreement (Satellite) to obtain a single Satellite as an auxiliary to the Cafe.

(3) The cost of the cart or kiosk, including the necessary equipment, is $25,000 to $58,000 and must be purchased from our designated supplier. These amounts include the necessary equipment for that style cart or kiosk.

(4) The figures are for any additional monthly rent.

(5) These amounts represent your initial inventory of food supplies, cups and paper goods, and gift cards for use in the first month of operating the Satellite.

(6) You will use 1 terminal per Satellite. We have the right to access this information through file transfer protocol or polling through the Internet at our discretion. This total also includes the various software and hardware necessary to complete back office reporting, polling, credit card and gift card transactions.

(7) You must have a back office PC, android or apple tablet and a fully integrated POS system, each with Internet access for email, polling and our intranet in order to communicate with us and to access our Manual.

(8) These figures are estimates of the cost of the annual premiums for the insurance you must obtain and maintain for the Satellite and are in addition to the insurance for the Satellite.

(9) These amounts are our estimate of the amount needed to cover your expenses for the start-up phase of operating the Satellite; 1 month's lease payments; 1 hourly employee; utilities and telephone service for 1 month and other costs. We estimated the start-up phase to be 1 month from the date the Satellite opens for business. These figures are estimates and we cannot assure you that you will not have additional expenses operating the Satellite. Your actual costs will depend on your management skill, experience and business acumen; local economic conditions; the local market for products; the prevailing wage rate; competition; and the sales level reached during the start-up phase. These amounts do not include any estimates for debt service.

Except as specifically stated above, the amounts given may be subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments over which we have control.

Except as specifically stated above, the amounts given may be subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments over which we have control.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase or lease and install all fixtures, furnishings, equipment (including point of sale systems, credit/debit card processing systems and computer and other technology systems), decor items, signs and related items we require, all of which must conform to the standards and specifications in our Manuals or in any other written format. You may not install or permit to be installed on the Cafe premises any fixtures, furnishings, equipment, decor items, signs, games, vending machines or other items not approved by us.

To maintain that the highest degree of quality and service, you must operate the Cafe in strict conformity with the methods, standards and specifications that we specify in the Manuals or in other written material. You must maintain in sufficient supply and use and sell at all times only those food and beverage items, ingredients, products, materials, supplies and paper goods that meet our standards and specifications. All menu items must be prepared according to the recipes and procedures specified in the Manuals or other written materials. You must not deviate from these standards and specifications by the use or offer of non-conforming items or differing amounts of any items. We can, and expect to, modify our standards and specifications as we deem necessary. We will provide you notice of any changes in the Manuals.

You must permit us or our agents, at any reasonable time, to remove a reasonable number of samples of food or non-food items from your inventory or from the Cafe free of charge for testing by us or by an independent laboratory, to determine whether the samples meet our then-current standards and specifications. Besides any other remedies we may have, we may require you to pay for the testing if we have not previously approved the supplier of the item or if the sample fails to conform to our specifications.

Except for proprietary products, promotional materials, gift cards and software configurations provided by us or our designated suppliers (or delivery vehicles that you may use in the operation of the Cafe), you must obtain all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale systems, credit/debit card processing systems and computer and other technology systems), and other products used or offered for sale at the Cafe solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards or in accordance with our standards and specifications. Our criteria for supplier approval may be found in the Manuals. Among other things, the suppliers must have adequate quality controls and the capacity to supply your needs promptly and reliably. If you wish to purchase, lease or use any products or other items from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so. We have to approve any supplier in writing before you make any purchases from that supplier. We can require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory for testing. You must pay the cost of the inspection, and the actual cost of the test must be paid by you or the supplier. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our supplier approval procedure does not obligate us to approve any particular supplier. However, we will notify you within 30 days after we complete the inspection and evaluation process of our approval or disapproval of any proposed supplier.

You must maintain all payments systems that we designate as mandatory and relationships with the providers of these payment systems that we designate as mandatory. You may not use any other payment system or provider without our approval.

We may require you to offer delivery or catering services, and any vehicle that you use to deliver Cafe products and services to customers must meet our standards for appearance and ability to satisfy the requirements imposed on you under the Franchise Agreement. You must place the signs and decor items on the vehicle we require and must at all times keep the vehicle clean and in good working order. You must require each person providing those services to comply with all laws, regulations and rules of the road and to use due care and caution operating and maintaining the motor vehicles. Except as noted above, we do not have any standards or exercise control over any motor vehicle that you utilize.

If you elect to operate a cart or kiosk as a Satellite to the Cafe, you must purchase the cart or kiosk from our designated supplier.

We may enter into agreements with mall owners to open Cafes in their facilities. If your Café is to be located in one of these facilities, you may be required sign the Management Agreement that is attached as Exhibit O to this Disclosure Document that will authorize us to act as your agent to manage and oversee the design, construction, installation, furnishing, and equipping of the Café, including signage for the Cafe.

We have and may continue to develop for use in the System certain products that are prepared from Nestlé products or from our and/or Nestlé's proprietary recipes and that bear the Marks. Because of the importance of quality and uniformity of production and the significance of those products in the System, it is to your and our benefit that we closely control the production and distribution of those products. Accordingly, if those products become a part of the System, whether or not these products are proprietary, you will use only products manufactured by or on behalf of us or Nestle and will purchase those items solely from us or from a source designated by us or, with respect to products manufactured by or on behalf of us or Nestle, from a seller of such products all of your requirements for those products. You must purchase from us for resale to your customers certain merchandise identifying the System that we require, such as pre-packaged food products and Café memorabilia and promotional products, in amounts sufficient to satisfy your customer demand. You must also obtain certain upgrades for your electronic point of sale system.

All advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Cafe) and other items we designate must bear the Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements in the Manuals or other written materials. You must submit to us for approval samples of all advertising and promotional plans and materials and public relations programs that you desire to use, including any materials in digital, electronic or computerized form, or in any form of media now existing or that may be developed in the future, that we have not either provided or previously approved. You also must participate in all advertising and promotional campaigns according to the terms and conditions we establish for these campaigns. We will approve or disapprove your proposed advertising plans and materials within 15 business days after receipt of these plans and materials.

You must participate in any gift card program we establish. You must purchase the gift cards from a source designated by us.

You must obtain our consent to the site for the Cafe before you acquire the site. You must also obtain our consent to any contract of sale or lease for the Cafe before you sign the contract or lease. We will not consent to any lease unless you sign a collateral assignment of lease in substantially the form attached as Attachment B to the Franchise Agreement.

You must obtain our consent to the architectural design firm hired to provide any architectural, engineering and design services necessary for the construction of the Café. You must obtain our consent to the project manager hired to oversee all aspects of the construction or remodeling (as applicable) and equipping of the Café.

Before you open the Cafe for business, you must obtain the insurance coverage for the Cafe specified in the Franchise Agreement and the Manuals, including comprehensive general liability insurance, automobile liability coverage, worker's compensation insurance, errors and omissions insurance, employees' liability insurance, and business interruption insurance. Also, related to any construction, renovation or remodeling of the Cafe, you must maintain builder's risks insurance and performance and completion bonds. You must obtain the policies from an insurance company we approve. The policies must include, at a minimum, the insurance coverage and policy limits we specify. We may change the coverage requirements and the amounts, in our discretion, and will advise you of the changes in the Manuals or in writing. You may, after obtaining our written consent, elect to have reasonable deductibles under certain of the coverages.

We may negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives for any of the items described above in which we require you to participate.

Neither we nor any of our officers owns any interest in any of our suppliers.

We may receive discounts on purchases of electronic point of sale system and software from approved suppliers, which discounts are also made available to you if you purchase through these suppliers. We also may receive discounts from approved suppliers of equipment for the Cafe that we will make available to you. There are currently no purchasing or distribution cooperatives.

Except as described below, we do not anticipate receiving rebates from our designated or approved suppliers. Instead, we attempt to negotiate reductions in the invoice price of the products sold to us and our franchisees. We do not undertake any obligation to negotiate price reductions as each supplier has their own position on the granting (and tracking/accounting for) of price reductions.

We have a supply agreement with Nestle Dreyer's Ice Cream Company ("Dreyer's") under which Dreyer's pays us a $2.25 rebate for each purchased three gallon bulk tub of Dreyer's ice cream, yogurt, sherbet or sorbet delivered to the Cafes. In our fiscal year ended December 25, 2016, we received a rebate from Dreyer's in the amount of $77,724.

We have an agreement with each of Performance Food Service –Dallas, Performance Food Service –TPC, Southwest Traders, Pocono Pro Foods, American Food Distributors and Pate Dawson Company ("Suppliers") to be a distributor of food and other products to our franchisees. Under these agreements we are required to indemnify the Suppliers for any losses resulting from expired or obsolete products they stock for our franchise system. The Suppliers currently charge $0.20 per case of product that goes into an "emerging fund" to cover the cost of expired or obsolete products. In our fiscal year ended December 25, 2016, we received a payment from the Suppliers from the emerging fund in the amount of $0.

In our fiscal year ended December 25, 2016, we received and deposited into our marketing fund payments from our designated or approved suppliers totaling $51,143, consisting $22,500 from Dreyer's as part of an annual promotion allowance of $250 per Cafe selling Dreyer's ice cream, $23,500 from Nestle Milano as part of an annual marketing allowance of $250 per location serving Milano, and $5,143 from Dr. Pepper/7 Up related to Cafe purchase of branded soft drinks.

You must purchase or lease virtually all goods and services necessary to establish and operate the Cafes from us or our designees, from suppliers approved by us, or in accordance with our specifications. We estimate that these purchases and leases will be approximately 30% to 50% of your costs to establish and operate the franchised business. Neither we nor our affiliates are currently approved suppliers of goods or services necessary to establish or operate the Cafes. Our total revenue for the fiscal year ended December 25, 2016, as reflected on our audited financial statements attached to this Disclosure Document, was $3,910,974, and our revenue from all required purchases of goods and services was $77,724 or approximately 2.0% of our total revenue. We do not book as revenue in our financial statements amounts received from our designated or approved suppliers that were deposited into our marketing fund, which amounts totaled $51,143 for the fiscal year ended December 25, 2016.

When determining whether to grant new or additional franchises, we consider many factors, including compliance with the requirements described above.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise and other Agreements. It will help you find more detailed information about your obligations in these Agreements and in other items of this Disclosure Document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Article II of Franchise Agreement	Items 8 and 11
b. Pre-opening purchases/leases	Articles VI, VII and VIII of Franchise Agreement	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Article II of Franchise Agreement	Items 1, 8 and 11
d. Initial and ongoing training	Article VI of Franchise Agreement	Items 5, 6 and 11
e. Opening	Article VI of Franchise Agreement	Items 7 and 11
f. Fees	Articles IV and VIII of Franchise Agreement and Article II of Development Agreement	Items 5 and 6
g. Compliance with standards and policies/operating manuals	Articles II, III, VI VII, VIII, IX, X, XI and XII of Franchise Agreement	Items 11 and 14
h. Trademarks and proprietary information	Articles IX and X and Attachment C of Franchise Agreement, Article IX and Attachment B to Development Agreement	Items 11, 13 and 14
i. Restrictions on products/services offered	Article VII of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Article VII of Franchise Agreement	Item 8
k. Territorial development and sales quotas	Article III of Development Agreement	Item 12
l. Ongoing product/service purchases	Article VII of Franchise Agreement	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	Articles II, VII and XIV of Franchise Agreement	Items 8 and 11
n. Insurance	Article XII of Franchise Agreement	Items 7 and 8
o. Advertising	Article XIII of Franchise Agreement	Items 6, 8 and 11
p. Indemnification	Article XV of Franchise Agreement and Article X of Development Agreement	Item 6

Obligation	Section in Agreement	Disclosure Document Item
q. Owner's participation/management/staffing	Articles VI, XIV, XV and XVIII of Franchise Agreement and Article VI of Development Agreement	Items 1, 11 and 15
r. Records and reports	Articles IV, VII and XI of Franchise Agreement	Item 6
s. Inspections and audits	Articles II, VII and XI of Franchise Agreement	Items 6, 8 and 11
t. Transfer	Article XIV of Franchise Agreement and Article VIII of Development Agreement	Items 6 and 17
u. Renewal	Article III of Franchise Agreement and Article III of Development Agreement	Items 6 and 17
v. Post-termination obligations	Article XVII of Franchise Agreement and Article VII of Development Agreement	Items 6 and 17
w. Non-competition covenants	Article X and Attachment C of Franchise Agreement, Article IX and Attachment B of Development Agreement	Item 17
x. Dispute resolution	Article XVIII of Franchise Agreement and Article XI of Development Agreement	Item 17
y. Other	None	Not Applicable

ITEM 10
FINANCING

We do not offer, either directly or indirectly, any financing arrangements to you. We do not guarantee your notes, leases or other obligations.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING COMPUTER SYSTEMS, AND TRAINING

Except as listed below, Crest Foods, Inc. is not required to provide you with any assistance.

Pre-Opening Obligations

Before the opening of a Cafe we will provide the following assistance and services:

1. Our written site selection guidelines and the site selection assistance we deem advisable. (Franchise Agreement, Section 5.1(a)).

2. On-site evaluations as we deem necessary or in response to your reasonable request for site approval. (Franchise Agreement, Section 5.1(b)).

3. On loan or access to, 1 set of prototypical architectural and design plans and specifications for a Cafe for adaptation by you, at your expense. (Franchise Agreement, Section 5.1(c)).

4. On loan or access to, 1 set of the Manuals (as described below) which we may revise. (Franchise Agreement, Section 5.1(d)).

5. A list of our approved suppliers. (Franchise Agreement, Section 5.1(i)).

6. An initial training program for your initial Operating Principal and General Manager at no charge to you. If you wish to have additional personnel trained we charge $1,500 per person (see Item 6). (Franchise Agreement, Section 5.1(j)).

7. 2 or 3 days of on-site pre-opening assistance at the Cafe. (Franchise Agreement, Sections 5.1(k) and 6.5(d)).

8. Samples or camera-ready artwork of certain advertising and promotional materials and information we may develop for use in the pre-opening promotion of the Cafe. (Franchise Agreement, Section 5.1(f)).

We are not required to provide any other service or assistance to you before the opening of the Cafe.

Post-Opening Obligations

We must provide the following services and assistance after the opening of the Cafe:

1. As we reasonably determine necessary, visits to, and evaluations of, the Cafe and the products and services provided there to ensure that the high standards of quality, appearance and service of the System are maintained. (Franchise Agreement, Section 5.1(e)).

2. Samples or camera-ready artwork of certain advertising and promotional materials we may develop for in-store marketing and Local Advertising for the Cafe. (Franchise Agreement, Section 5.1(f)).

3. Advice and written materials (including updates to the Manuals) concerning techniques of managing and operating the Cafe, including new developments and improvements in equipment, food products, packaging and preparation. (Franchise Agreement, Section 5.1(g)).

4. Certain merchandise, including prepackaged food products and promotional products and memorabilia, for use in the Cafe and for resale to your customers, in quantities sufficient to meet your customer demand, at a reasonable cost may be made available to franchisees in the System. We also may, at our option, make available to you certain other equipment, inventory and decor items at a reasonable cost. (Franchise Agreement, Section 5.1(h)).

5. On-site post-opening assistance at the Cafe as we find appropriate. (Franchise Agreement, Sections 5.1(k) and 6.5(d)).

6. Training programs and other related activities regarding the operation of the Cafe as we may conduct for you, or Cafe personnel generally, which your Operating Principal, General Manager and other Cafe personnel may be required to attend. (Franchise Agreement, Section 6.5(c)).

7. Certain on-site remedial training for your Cafe personnel when you reasonably request it or as we find appropriate. If you request the remedial training, we may require you to pay the per diem of the employees providing the training and our expenses in providing the training (see Item 6). (Franchise Agreement, Section 6.5(e)).

8. Administration of the advertising fund and cooperatives, if established. (Franchise Agreement, Sections 8.3 and 8.4).

9. Indemnification against and reimbursement for all damages for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), provided that you and your Controlling Principals have fully complied with the terms of the Franchise Agreement. (Franchise Agreement, Section 9.4).

We are not required to provide any other service or assistance to you for the continuing operation of the Cafe.

Advertising

Immediately before and within 30 days after the opening of the Café, you must spend a minimum of $5,000 to conduct an initial local advertising and promotional program in the form and manner we require to publicize the opening of the Café. We must approve your initial local advertising and promotional program prior to your opening of the Café.

In addition to the initial local advertising and promotional program, if we request, you must spend annually throughout the term of the Franchise Agreement, up to 1% of the Gross Sales of the Cafe on advertising for the Cafe in your Area of Primary Responsibility ("Local Advertising"). We do not currently impose a Local Advertising requirement, but highly recommend that you conduct Local Advertising. This amount is not paid to us, but rather is spent by you. If your landlord requires you to participate in any marketing or promotion fund, the amounts you pay may be applied towards satisfying your Local Advertising obligations. We must approve all advertising before you use it. You must not advertise or use the Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication without our express written consent. You must provide us with an advertising expenditure report to show that you have complied with the Local Advertising requirement within 30 days after the end of each calendar quarter. Costs and expenditures you incur with any of the following are not to be included in your expenditures on Local Advertising unless we approve in advance in writing:

1. Incentive programs for your employees or agents, including the cost of honoring any coupons distributed in connection with the programs;

2. Research expenditures;

3. Salaries and expenses of your employees, including salaries or expenses for attendance at advertising meetings or activities;

4. Charitable, political or other contributions or donations;

5. In-store materials consisting of fixtures or equipment; and

6. Seminar and educational costs and expenses of your employees.

We have established a marketing fund (the "Fund") on behalf of the System for advertising and marketing of Cafes. You must make weekly contributions to the Fund to be paid in the same manner as the royalty payments. Initially that contribution will be 1.5% of your Café's Gross Sales. We may increase the amount you must contribute to the Fund, up to a maximum of 2% of your Café's Gross Sales. We may require you to allocate to the Fund all or part of your required Local Advertising expenditures and Cooperative contributions (described below). We or our affiliates will contribute to the Fund generally on the same basis as you do for Cafes that we or they operate.

We or someone we designate will administer the Fund. We will direct all advertising and marketing programs and have sole discretion to approve the creative concepts, materials and media used in the programs and their placement and allocation. The Fund is intended to maximize general public recognition and acceptance of the Marks and improve the collective success of all Cafes operating under the System. In administering the Fund, we and our designees are not required to make expenditures for you that are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising. Except for a portion of the Fund spent on Website development and maintenance (a portion of which may include soliciting the sale of franchises using the Website), the Fund is not used to solicit the sale of franchises.

The Fund may be used to satisfy the costs of developing, preparing, administering, conducting and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs and activities of every kind and nature, through media now existing or that may be developed in the future, including the cost of developing, maintaining and updating or Website, preparing and conducting television, radio, magazine, newspaper and electronic advertising and marketing campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research; employing advertising agencies; and costs of our personnel and other departmental costs for advertising that we administer or prepare internally. All sums you pay to the Fund will be maintained in a separate account and we may use them to defray our reasonable administrative costs and overhead that we may incur in the administration or direction of the Fund and advertising and marketing programs for you and the System. The Fund and its earnings will not benefit us in any other way. The Fund is operated solely as a conduit for collecting and expending the advertising fees as outlined above. Any sums paid to the Fund that are not spent in the year they are collected will be spent in the following year or returned to the contributors in proportion to the amounts paid by them, without interest.

We will prepare an annual statement of the operations of the Fund that will be made available to you if you request it. We are not required to have the Fund statements audited. Although the Fund is intended to be perpetual, we may terminate the Fund at any time. The Fund will not be terminated, however, until all monies in the Fund have been spent for advertising or promotional purposes or returned to contributors on the basis described above. During our 2016 fiscal year, the Fund had contributions of $558,204, which includes contributions attributable to Cafes located outside of the United States. Of the amounts expended, $232,851 or 37.7% was spent on production, $168,897 or 27.4% was spent on media placement, $215,512 or 34.9% was reimbursed to us for administrative expenses, and $0 or 0.0% was spent on other expenses. At the end of our fiscal year 2016, the Fund had a balance of $147,013 which is carried over for expenditures for our fiscal year 2017.

We currently advertise the Cafes and the products offered by the Cafes primarily using point of purchase advertising materials and print media. As the number of Cafes in the System expands, we envision using other forms of media, including: television, radio, magazine, newspaper and electronic advertising campaigns; and direct mail advertising. We use outside vendors to develop the majority of our advertising. We presently conduct advertising on a local basis. In the future, we contemplate advertising on an international, national, regional and local basis through the use of the Fund, Local Advertising and Cooperatives (described below).

We may designate any geographic area in which 2 or more Cafes are located as a region to establish an advertising cooperative ("Cooperative"). The members of the Cooperative for any area will consist of all Cafes, whether operated by us, our affiliates or franchised. We will determine in advance how each Cooperative will be organized and governed and when it must start operation. We have the right to form, dissolve, merge or change the structure of the Cooperatives. Each Cooperative will be organized for the exclusive purposes of administering advertising programs and developing, subject to our approval, promotional materials for use by the members in Local Advertising. If a Cooperative has been established for a geographic area where your Cafe is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must sign all documents we request and become a member of the Cooperative according to the terms of the documents. A copy of the Cooperative documents applicable to the geographic area in which your Cafe will be located will be provided to you if you request it.

You must contribute to the Cooperative the amounts required by the documents governing the Cooperative. However, you will not be required to contribute more than 1% of your Gross Sales during each month to the Cooperative unless, subject to our approval, the members of the Cooperative agree to the payment of a larger fee. You may apply the payments toward satisfaction of your Local Advertising requirement. Your contributions to a Cooperative may also be allocated by us to the Fund, as described above. All contributions to the Cooperative will be maintained and administered according to the documents governing the Cooperative. The Cooperative will be operated solely as a conduit for the collection and expenditure of the Cooperative fees for the purposes outlined above. No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without first obtaining our approval. Currently, no Cooperatives exist. Each Cooperative must prepare an annual financial statement reporting its expenditures for the previous year to its members.

Your total required contribution to the Fund and the Cooperative and expenditure for Local Advertising will not exceed 2% of your Gross Sales.

Neither the Fund nor any Cooperative will use any funds for advertising that is principally a solicitation for the sale of franchises for Cafes.

You must also place and pay the cost of an online or other trademark or other business listings in the Cafe's local market area. Any amount you pay for an online or other trademark or other business listings may not be applied by you toward satisfaction of your Local Advertising requirement.

You must list the Café in Google and other Internet search engines that we designate.

Except as described above, we are not obligated to spend any amount on advertising in the area where your Cafe is located.

There is not an advertising council composed of franchisees that advises us on advertising policies. However, we have established a franchise advisory council consisting of franchisees that may, among other things, advise us as to our advertising policies. The franchisees on the franchise advisory council are elected on a regional basis by vote of the franchisees in a particular region. The franchise advisory council acts solely in an advisory capacity and does not have operational or decision-making power. We have the right to form, change and dissolve the franchise advisory council at any time.

Training

No later than 30 days before the date the Cafe begins operation, your Operating Principal and General Manager must attend and complete, to our satisfaction, our initial training program. We will conduct this training at our corporate headquarters and/or a Cafe operated by us or a franchisee in Dallas, Texas, or at another location we designate. If you open a NTHC/RM Leveraged Concept, you must also attend and complete the training program offered by RM. Initial training programs will be offered at various times during the year depending on the number of new franchisees entering the System, replacement operating principals and general managers and other personnel needing training, the number of new Cafes being opened and the timing of the scheduled openings of these Cafes. It is anticipated that the initial training program will be offered approximately 10 times a year. The initial training program will generally last 11 days. We will provide instructors and training materials for the initial training of your initial Operating Principal and General Manager at no charge to you. You may also have additional personnel trained by us for the Cafe, although we may charge $1,500 per person for that training. We will determine whether the Operating Principal and any General Manager have satisfactorily completed initial training. If the Operating Principal or General Manager does not satisfactorily complete the initial training program or if we determine that these persons cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training. Any Operating Principal or General Manager subsequently designated by you must also receive and complete the initial training. We reserve the right to charge a reasonable fee for the initial training we provide to a replacement or successor Operating Principal or General Manager. If you fail to have a replacement manager attend training and be certified as meeting our requirements, we may charge you a support fee of $100 per week until a replacement General Manager is trained or certified. We currently charge $1,500 per person for initial training. You must pay for all expenses you and your Operating Principal, General Manager and other personnel incur for any training program, including costs of travel, lodging, meals and wages (see Item 6).

The Operating Principal, General Manager and other personnel must attend the additional training programs and seminars we offer if required to do so. For all of these programs and seminars, we will provide the instructors and training materials and we reserve the right to charge a reasonable fee for the additional training programs and seminars. Your Operating Principal must attend our annual meeting and any other meetings we determine to be mandatory. We reserve the right to charge a reasonable fee for the annual meeting and each other mandatory meeting. You must also pay for all expenses you or your Operating Principal, General Manager and other personnel incur in participating in any additional training or meetings, including costs of travel, lodging, meals, and wages (see Item 6).

For the opening of the Cafe, we will provide you with 1 of our trained representatives. The trained representative will provide on-site pre-opening and opening training, supervision, and assistance to you for up to 7 days. This training and assistance will be provided to you at no additional expense. For any additional assistance requested by you and any similar assistance that we provide to a replacement Cafe, if the premises are destroyed or the Cafe is required to be closed for any other reason, we reserve the right to require you to pay us the per diem fee then being charged to franchisees generally for trained representative assistance, including payment of any expenses the trained representative incurs, such as costs of travel, lodging, meals and wages (see Item 6).

The subjects covered, hours of classroom and on the job training and instructors providing the initial training program for the Café are described below:

TRAINING PROGRAM

Subject	**Hours of Classroom Training**	**Hours of On-The Job Training**	**Location**
Orientation	1	0	Dallas, Texas
Health Rules	1	0	Dallas, Texas
Products Overview	1	2	Dallas, Texas
Equipment Overview	1	3	Dallas, Texas
Stations	1	8	Dallas, Texas
Café Operations	1	11	Dallas, Texas
Customer Service	1	4	Dallas, Texas
POS Training	1	4	Dallas, Texas
Money Handling	2	0	Dallas, Texas
Safety and Quality Assurance	2	4	Dallas, Texas
Inventory Management	1	4	Dallas, Texas
Human Resources	4	0	Dallas, Texas
Background Verifications	4	0	Dallas, Texas
Employer Guidelines	4	0	Dallas, Texas
Staff Management and Training	4	0	Dallas, Texas
Reporting and Labor Scheduling	4	0	Dallas, Texas
Supervised Café Management	0	8	Dallas, Texas
Marketing	6	2	Dallas, Texas

The entire training program may be changed due to updates in materials, methods, manuals and personnel without notice to you. We do not currently maintain a formal training staff to conduct the opening training described below. Sharon D'george will oversee training. Ms. D'george has over 30 years of experience in the food service industry and has conducted training and overseen the operation of Cafes in our System for the past two years. We anticipate also using personnel from our training cafe in conducting Cafe operations training. The instructional materials used in the initial training consist of our

Operations Manual, Training Manual, marketing and promotion materials, programs related to the operation of the point of purchase system, and other written directives related to the operation of the Cafe (collectively, the "Manuals"). The subjects and time periods allocated to the subjects actually taught to you and your personnel may vary based on the experience of those persons being trained. Our training programs are provided to protect the System and the Marks and not to control the day-to-day operation of your franchised business.

If you reasonably request or as we deem appropriate, we will, when our personnel is available, provide you with additional trained representatives who will provide on-site remedial training to your Cafe personnel. For additional training that you request, you may be required to pay the per diem fee then being charged to franchisees under the System for the services of our trained representatives, plus their costs of travel, lodging, meals, and wages. The per diem fee will not be charged if the assistance is provided based on our determination that the training is necessary; however, we reserve the right to charge for our reasonable expenses incurred in providing the assistance.

There is no separate training under a Development Agreement.

The Table of Contents for our Manual is attached as Exhibit G to this Disclosure Document and contains approximately 1,620 total pages.

Site Selection and Territory

You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for the Cafe and for constructing and equipping the Cafe at the accepted site. You and we will agree on either the site or a geographical area in which you must obtain a site before you sign the Franchise Agreement. You will select the site for the Cafe subject to our consent. The Cafe may not be relocated without first obtaining our written consent. Before you lease or purchase the site for the Cafe, you must locate a site that satisfies our site selection guidelines. You must submit to us in the form we specify a description of the site, including evidence that the site satisfies our site selection guidelines, together with other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site. You must submit information and materials for the proposed site to us for consent no later than 180 days after you have signed the Franchise Agreement. We will have 30 days after we receive this information and materials from you to consent to the proposed site as the location for the Cafe. You must purchase or lease, at your expense, the site for the Cafe within 45 days after we consent to the contract of sale or terms of the lease, but in no event later than one year from the date of the Franchise Agreement. You must obtain our consent of any sale or lease contract before you sign it (see Item 8).

We will provide to you with our current written site selection guidelines and any other site selection counseling and assistance we think is advisable. Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location (including the population and income level of residents in the market area), aerial photography, size and other physical attributes of the location, shopping mall, tenant mix, proximity to residential neighborhoods and proximity to schools, shopping centers, entertainment facilities and other businesses that attract consumers and generate traffic.

We may provide on-site evaluations of the proposed site. We will not provide an on-site evaluation for any proposed site before receiving from you the materials you must submit to us as described above. After that, if we think an on-site evaluation of your proposed site is necessary or if you reasonably request, we will provide an on-site evaluation. We reserve the right to charge a reasonable fee for each evaluation as well as a fee for our reasonable expenses including the cost of travel, lodging, meals and wages (see Item 6).

We estimate that the time from the signing of the Franchise Agreement to the commencement of operations of the Cafe will be approximately 4 to 6 months (or 6 to 18 months if the site has not been selected at the time of signing the Franchise Agreement). This time may be shorter or longer depending on the time necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the construction and operation of the Cafe, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Cafe, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Cafe, including purchasing inventory and supplies. You must open the Cafe and begin business within 180 days after you obtain possession of the accepted location, unless you obtain a written extension of this time period from us. If you do not obtain a site that we accept, and construct the store within the time periods required in Section 2 of the Franchise Agreement, we may terminate the Franchise Agreement.

Computer and Electronic Cash Register Systems

As described in Items 6, 7 and 8, you must purchase and use certain electronic point of sale systems, credit/debit card processing systems, computer hardware and software, personal computing tablets and other technology systems that meet our specifications and that are capable of electronically interfacing with our computer system. The system is used by us to collect and monitor point of sale information, and may be expanded to collect and monitor inventory control and shrinkage, payroll and accounting information, and credit card processing. Our approved supplier has developed certain data base configuration software specifically for tracking information relevant to the Cafes' business and will charge a fee for this software. We have approved no other compatible program. You must allow our approved supplier to upgrade the proprietary database configuration of the electronic point of sale system in your Cafe as we determine necessary. Our approved supplier may provide you periodic updates to maintain the software and may charge a fee for preparing the updates and maintaining the software. There are no limitations on the frequency and cost of the updates.

The system is designed to enable us to have immediate access to the information monitored by the system, and there is no contractual limitation on our access or use of the information we obtain. Specifically, we may require that you install and maintain systems that permit us and our representatives to access and retrieve electronically any information stored in your point of sale systems, credit/debit card processing systems, or computer or technology systems, including information concerning your Cafe's Gross Sales, at the times and in the manner that we may specify from time to time. You must, at our option, sign any documents we deem necessary to permit us or our representative to retrieve this information.

The Treatware, fully integrated point of sale system from Innovative Computer Systems is the only approved point of sale system. The cost of purchasing this system is approximately $2,300 per station. Neither we, nor our affiliates or any third party is required to provide ongoing maintenance, repairs, upgrades or updates. We may revise our specifications for the hardware and software as we determine necessary to meet the needs of the System. There is no contractual limitation on our ability to require the hardware and/or software be changed, improved, updated or upgraded. The annual cost of any optional or required maintenance, updating, upgrading or support contracts is approximately $1,000 to $1,200 per year.

You must install any other hardware or software for the operation of the Cafe that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades. There is no contractual limitation on the frequency or cost of any enhancements, additions, substitutions, modifications or upgrades of the required hardware and software. We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by System Cafes.

You must, at our option, sign the forms and documents that we deem necessary to appoint us your true and lawful attorney-in-fact with full power and authority for the sole purpose of assigning to us on the termination or expiration of the Franchise Agreement: (i) all rights to the telephone numbers of the Cafe and any related and other business listings; and (ii) Internet listings, domain names, Internet Accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usages related to the Cafe. You have no authority to and may not establish any website or listing on the Internet or World Wide Web without our express written consent.

Area Representatives

We reserve the right to retain the services of an area representative in the geographic area in which your Café will be located. In such event, the area representative, on our behalf, will perform certain sales, site assistance, training, and/or supervisory services we direct.

ITEM 12
TERRITORY

Franchise Agreement

The Franchise Agreement grants you the right to operate a Cafe at a single location that you select. The cover page of the Franchise Agreement lists the specific street address or physical space of the accepted location and, if the location is not identified at the time the Franchise Agreement is signed, a site selection area in which you must locate the Café, which site selection area will not be exclusive to you for any purpose. You must operate the Cafe only at this accepted location and may not relocate the Cafe without first obtaining our written consent. Our consent to the relocation of the Cafe will be conditioned on the new location satisfying our then-current site selection guidelines for new Cafes. You may not establish or operate another Cafe unless you enter into a separate Franchise Agreement.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Under the Franchise Agreement, we will designate a geographic area known as the Assigned Area at the time the Café location is accepted. The Assigned Area will be described on the cover page of the Franchise Agreement and will generally consist of the contiguous property controlled by the landlord in which the Cafe is located, such as the shopping mall, airport terminal, university campus, hospital, outlet center, lifestyle center, strip shopping center, office/business park or transportation center. In certain circumstances the Assigned Area will be limited to the specific physical space occupied by the Cafe. We will determine the Assigned Area based on various market and economic factors such as an evaluation of market demographics, the market penetration of the System and similar businesses, the availability of appropriate sites and the growth trends in the market. During the term of the Franchise Agreement, if you are in compliance with the Franchise Agreement, we and our affiliates will not establish a Cafe or authorize any other person or entity other than a National Chain (as defined below) to establish a Cafe within the Assigned Area. We may authorize National Chains to establish Cafes within the Assigned Area, and we, our affiliates, and any other authorized person or entity may, at any time, advertise and promote the Cafe, and fill customer orders by providing catering and delivery services in the Assigned Area. A "National Chain" means any business that has an agreement with us to establish and operate Cafes in more than one of its facilities on a regional or national basis. We and our affiliates may also offer and sell and authorize others to offer and sell: (i) collateral products under the Marks, at or from any location, such as pre-packaged food products and Café memorabilia, (ii) food and beverage services under the Marks at or through any other distribution system or food service facility (other than a Café) and (iii) any products or food and beverage services under any other names and marks.

Under the Franchise Agreement, we will also designate a nonexclusive geographic area known as the Area of Primary Responsibility where you have to conduct Local Advertising activities and use all commercially reasonable efforts to advertise and promote the Cafe. The Area of Primary Responsibility is not exclusive except to the extent that it includes the Assigned Area.

The territorial rights granted to you under the Franchise Agreement are not dependent on the achievement of a certain sales volume, market penetration or other contingency. Also, the Assigned Area may not be altered before the Franchise Agreement expires or terminates.

There are no restrictions on us or any other franchisee from soliciting or accepting orders from consumers located inside the Assigned Area. Although we have not done so, we reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within the Assigned Area using the Marks. Although we have not done so, we also reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within the Assigned Area of products or services under trademarks different from the ones you will use under the Franchise Agreement. We are not required to pay you any compensation for soliciting or accepting orders from inside the Assigned Area.

You may solicit and accept orders outside of the Assigned Area, including the right to use other channels of distribution that we may authorize, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of the Assigned Area.

If we grant you a license to operate a Satellite as an auxiliary to the Café, you must operate the Satellite within the Assigned Area (or outside the Assigned Area if we consent). You may request our consent to operate the Satellite outside of the Assigned Area and must provide us with such information and documentation relating to the request as we may require. We may grant, withhold or place conditions on our consent, or withdraw or modify the conditions on our consent, at any time.

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark, which business sells or will sell goods or services similar to those you will offer.

We do not grant any options, rights of first refusal or similar rights to obtain additional franchises or Café locations. If you wish to obtain an additional franchise, you must either have entered into a Development Agreement that grants you the right to establish more than 1 Cafe or enter into a separate Franchise Agreement for the additional franchise.

Development Agreement

Under the Development Agreement, you are assigned a nonexclusive geographic area or buildings known as the Territory where you must develop the number of Cafes for which you purchased development rights according to a specified development schedule attached to the Development Agreement and agreed to before it is signed (the "Development Schedule"). The size of the Territory may be a single or multi-county area, single state area or some other area, or a list of specified malls or shopping centers and will be described on the cover page of the Development Agreement. We will determine the Territory before you sign the Development Agreement based on the number of Cafes to be developed and various market and economic factors such as those described above regarding the Assigned Area.

The rights granted in the Development Agreement pertain only to the development of Cafes located in the Territory. You may face competition for development of Cafes from us, from other developers, and from other franchisees. We may establish or authorize any other person or entity to establish a Cafe within the Territory during the term of the Development Agreement, and we, any of our franchisees and any other authorized person or entity may, at any time, advertise and promote the System, and fill customer orders by providing delivery and catering services in the Territory. We and our affiliates may also offer and sell and authorize others to offer and sell: (i) collateral products under the Marks, at or from any location, such as pre-packaged food products and memorabilia, (ii) food and beverage services under the Marks at or through any other distribution system or food service facility (other than a Café) located within the Territory or at or through any Cafe not located within the Territory, and (iii) any products or food and beverage services under any other names and marks.

You must exercise the development rights only by entering into a separate Franchise Agreement with us for each Cafe. We may, in our discretion, permit you to exercise the development rights through affiliated entities that are either your wholly owned subsidiaries or commonly controlled entities with ownership identical to yours. The Franchise Agreement to be signed for the first Cafe you develop under the Development Agreement must be signed and delivered to us concurrently with the signing and delivery of the Development Agreement and will be in the form of the Franchise Agreement attached to this Disclosure Document. All additional Cafes developed under this Development Agreement must be established and operated under our form of Franchise Agreement then being used by us for Cafes under the System. The then-current form of Franchise Agreement may differ from the form attached to the Disclosure Document.

You will not receive an exclusive territory. You may face competition from other developers and franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Except as stated below, the Territory may not be altered before the Development Agreement expires or terminates.

You must open each Cafe and commence business in accordance with the Development Schedule, unless you obtain an extension of the Development Period (as defined in the Development Agreement), at the expiration of which, you were to have had a Cafe open and in operation. You may, subject to our approval, purchase from us extensions of the Development Period as may be necessary to complete construction and commence operation of the Cafe. Each extension will be for an additional 90 day period commencing on the expiration of the applicable Development Period, including any previous extensions ("Extension Date"). No more than 2 extensions of any Development Period will be permitted. If we grant an extension of a Development Period, the Opening Date (as defined in the Franchise Agreement) will be extended to the Extension Date. No extension of any Development Period will affect the duration of any other Development Period or any of your other development obligations. If an extension is requested in the final Development Period, the term of the Development Agreement will be extended to the Extension Date and you will have no further rights under the Development Agreement.

You must notify us in writing at least 60 days before the projected Opening Date (as defined in the Development Agreement) for a Cafe that you will be unable to complete construction and begin operating the Cafe by the expiration date of the Development Period in which the Cafe was to have been opened. You must include in the notice a description of the reasons for the failure to develop in a timely manner and the expected date of completion of construction and opening. At the same time you provide us with the written notice, you must pay an extension fee of $5,000. No extension fee will be charged for any Cafe for which we have accepted a site in accordance with the Franchise Agreement and you have commenced construction, as defined in the Franchise Agreement.

If you fail to open a Cafe in compliance with the Development Schedule as required in the Development Agreement, or in any other manner commit a material event of default under the Development Agreement, we may, in addition to our other remedies, terminate or modify your territorial rights, reduce the area of territorial rights or reduce the number of Cafes that you may establish under the Development Agreement.

General

Under a Second Amended and Restated Product Distribution Development Agreement among us, Nestle Food Services division of Nestle USA, Inc. and Nestlé Food Services division of Nestlé Canada, Inc. (collectively, "Nestle") dated as of March 1, 2006 (the "Nestle Development Agreement"), Nestle granted us the exclusive right to feature the combined Mark "Nestle Toll House" prominently on permanent store-front signage on Cafes that are developed in the United States and Canada. The Nestle Development Agreement expires on December 31, 2022. Nestle has filed suit against us alleging that we are in breach of the Nestle Development Agreement (see Item 3). If Nestle prevails in this action, Nestle may be entitled to terminate the Nestle Development Agreement before its expiration.

At any time Nestle may establish cafes similar to your Café anywhere in the world (other than in the United States and Canada) under the mark "Nestle Toll House," or anywhere in the world under any other marks, and may authorize others to do so. On termination or expiration of the Nestle Development Agreement, Nestle may establish cafes similar to your Café anywhere in the world, including in your Territory or Assigned Area, under the mark "Nestle Toll House" or under any other marks, and may authorize others to do so. Nestle may at any time sell food and beverage services under its Marks at or through any other distribution system or food service facility in your Territory or Assigned Area.

Neither we nor our affiliates currently operate, franchise, or conduct business through alternative channels of distribution offering products or services similar to those offered by the Cafe under different marks. There are, however, no restrictions in the Agreements that would restrict our ability to do so. Nestle and other third parties currently sell Nestle products through a variety of channels, such as Internet, grocery and convenience stores and other food service facilities, that will be in your Territory and may be in your Assigned Area.

ITEM 13
TRADEMARKS

The Franchise Agreement grants you the right to use certain trademarks, trade names, service marks, symbols, emblems, logos and indicia of origin designated by us. These Marks may be used only in the manner we authorize and only for the operation of your Cafe at the location specified in the Franchise Agreement. You will not acquire any rights to the Marks under the Development Agreement.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our, Nestlé's or SPN's ownership of, or our, Nestlé's or SPN's rights in and to, the Marks.

An affiliate of Nestlé, Societe des Produits Nestle S.A. ("SPN"), has registered and renewed the following principal Marks with the U.S. Patent and Trademark Office on the Principal Register and has filed all required affidavits:

Description	Federal Registration Number	Registration Date
Nestle (Stylized)	1,105,743	11-7-1978
Toll House (& Design)	2,791,150	10-9-2003

We have registered and renewed the following principal Mark with the U.S. Patent and Trademark Office on the Principal Register and have filed all required affidavits:

Description	Federal Registration Number	Registration Date
Cafe by Chip	2,550,860	3-19-2002

There are no currently effective determinations of the U.S. Patent and Trademark Office, the trademark trial and appeal board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above.

SPN owns the "Nestle" and "Toll House" Marks and has licensed Nestle to use these Marks in the United States of America. Under the Nestle Development Agreement, Nestle granted us the exclusive right to feature the Mark "Nestle Toll House" prominently on permanent store-front signage, in accordance with the Master Product Reference Agreement (as defined below), on Cafes that are developed within the

United States and Canada under the Nestle Development Agreement. The Nestle Development Agreement expires on December 31, 2022, and may be terminated earlier by Nestle on the occurrence of any of the following: (1) if we transfer or attempt to transfer any rights or obligations in violation of the Nestle Development Agreement, (2) if the Master Product Reference Agreement is terminated, or (3) if we default in any other manner in the performance of any of the terms, conditions or provisions in the Nestle Development Agreement and this default is not remedied within 30 days after written notice. The Nestle Development Agreement will terminate immediately if we file a petition for bankruptcy or an order for relief under the Bankruptcy Code or other insolvency law is entered against us or if we are adjudicated as bankrupt, or if a petition is filed against us, or if we become insolvent or make an assignment for the benefit of our creditors or an arrangement under any bankruptcy or insolvency law, or if we discontinue our business, or suspend active operations or any substantial part thereof for a period in excess of 5 consecutive days, or if a receiver is appointed for us or our business. Nestle has filed suit against us alleging that we are in breach of the Nestle Development Agreement (see Item 3). If Nestle prevails in this action, Nestle may be entitled to terminate the Nestle Development Agreement before its expiration.

Under a Second Amended and Restated Master Product Reference Agreement dated as of March 1, 2006 (the "Master Product Reference Agreement"), with respect to each Café developed under the Nestle Development Agreement, Nestle granted us an exclusive right, during the term of the Master Product Reference Agreement, to feature the Mark "Nestle Toll House" prominently on permanent store-front signage in accordance with guidelines established by Nestle and us. The Master Product Reference Agreement expires 10 years from the expiration or termination of the Nestle Development Agreement. The Nestle Development Agreement expires on December 31, 2022 and may be terminated earlier by Nestle on the occurrence of any of the events described in the immediately preceding paragraph. Unless the Nestle Development Agreement is terminated before it expires, the Master Product Reference Agreement will expire on December 31, 2032. The Master Product Reference Agreement may be terminated before its expiration date by Nestle on the occurrence of any of the following: (1) if we transfer or attempt to transfer any rights or obligations in violation of the Master Product Reference Agreement or (2) if we default in any other manner in the performance of any of the terms, conditions or provisions in the Master Product Reference Agreement and this default is not remedied within 30 days after written notice. The Master Product Reference Agreement will terminate immediately if we file a petition for bankruptcy or an order for relief under the Bankruptcy Code or other insolvency law is entered against us or if we are adjudicated as bankrupt, or if a petition is filed against us, or if we become insolvent or make an assignment for the benefit of our creditors or an arrangement under any bankruptcy or insolvency law, or if we discontinue our business, or suspend active operations or any substantial part thereof for a period in excess of 5 consecutive days, or if a receiver is appointed for us or our business. Nestle has filed suit against us alleging that we are in breach of the Master Product Reference Agreement (see Item 3). If Nestle prevails in this action, Nestle may be entitled to terminate the Master Product Reference Agreement before its expiration. On termination or expiration of the Master Product Reference Agreement, our right to use the Mark "Nestle Toll House" will terminate, the Cafés will no longer be able to feature the Mark "Nestle Toll House" prominently on permanent store-front signage and the Cafes will need to be rebranded under a different Mark that we designate.

Except for the licenses described above, there are no agreements currently in effect that limit our rights to use or license the use of the Marks.

We know of no superior prior rights or infringing uses of any Mark that could materially affect your use of the Marks in this or any other state.

You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Controlling Principals are not permitted to communicate with any person other than us, or any designated affiliate, their counsel and your counsel involving any infringement, challenge or claim. We can take action and have the right to exclusively control any litigation or Patent and Trademark Office or other administrative or agency proceeding caused by any infringement, challenge or claim or relating in any other manner to any of the Marks. You must sign any and all documents, and do what may, in our counsel's opinion, be necessary or advisable to protect our interests in any litigation or Patent and Trademark Office or other administrative or agency proceeding or to protect in some other manner and maintain our interests and the interests of any other person or entity (including Nestle and SPN) having an interest in the Marks.

We will indemnify you against and reimburse you for any damages for which you are held liable for your use of the Marks infringing on the rights of any other party, provided that the conduct of you and your Controlling Principals in the proceeding and use of the Marks is in full compliance with the terms of the Franchise Agreement.

Except as provided above, we are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously.

We may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System, or if we lose the right to use the "Nestle Toll House" Mark, or any Nestle related marks, due to the expiration or termination of the Nestle Development Agreement, the Master Product Reference Agreement, or otherwise.

The license to use the Marks granted in the Franchise Agreement is nonexclusive to you. We and our affiliates have and retain certain rights in the Marks including the following:

1. To grant other licenses for the use of the Marks in addition to those licenses already granted to existing franchisees;

2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and

3. To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We have no patents, pending patent applications or registered copyrights that are material to the franchised business.

Confidential Manuals

You must operate the Cafe in accordance with the standards and procedures specified in the Manuals. We will loan to you or provide you access to one copy of the Manuals for the term of the Franchise Agreement.

You must treat the Manuals and any other manuals we create or approve for use in your operation of the Café and the information contained in them, as confidential. You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, record or reproduce in any manner these materials, in whole or in part, or make them available to any unauthorized person. The Manuals remain our sole property and must be kept in a secure place on the Cafe premises.

We may revise the contents of the Manuals and you must comply with each new or changed standard, specification or procedure. You must also insure that the Manuals are kept current at all times. If there is a dispute as to the contents of the Manuals, the terms of the master copy maintained by us at our home office will be controlling. You must return to us all pages that are replaced in the Manuals.

Confidential Information

We claim proprietary rights in certain of our recipes which are included in the Manuals and which are our trade secrets. You and each of your Controlling Principals are prohibited, during and after the term of the Franchise Agreement, from communicating, or using for the benefit of any other person or entity, and, after the term of the Franchise Agreement, from using for your or their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Cafe that may be communicated to you or any of your Controlling Principals or that you may learn about, including these trade secrets. You and each of your Controlling Principals can divulge this confidential information only to your employees who must have access to it to operate the Café. Neither you nor your Controlling Principals are permitted at any time, without first obtaining our written consent, to copy, record or reproduce in any manner the materials or information nor make them available to any unauthorized person. Any and all information, knowledge, know-how and techniques related to the System that we communicate to you, including the Manuals, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential.

If we ask, you must have your General Manager and any of your management personnel who have received or will have access to confidential information, sign similar covenants. The covenants will be substantially as set forth in Attachment C to the Franchise Agreement and Attachment B to the Development Agreement. Your Principals also must sign these covenants.

If you or your Controlling Principals develop any new concept, process or improvement in the operation or promotion of the Cafe, you must promptly notify us and give us all necessary information, free of charge. You and your Controlling Principals must acknowledge that any of these concepts, processes or improvements will become our property and we may give the information to other franchisees.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

When you sign the Agreements, you must designate and retain at all times an individual to serve as the "Operating Principal" under the Agreements. If you are an individual, you must be the Operating Principal. If you are an entity, the Operating Principal must be one of your Controlling Principals and must hold an ownership interest in you or any entity that directly or indirectly controls you. Except as may be provided in the Agreements, the Operating Principal's interest in you must remain free of any pledge, lien, encumbrance, voting agreement, proxy, or purchase right or option.

The Operating Principal may, at his option, and subject to our approval, designate an individual to perform the duties and obligations of the Operating Principal described in the Agreements and in this Disclosure Document. The Operating Principal must take all necessary action to ensure that the designee conducts and fulfills all of the Operating Principal's obligations and will remain fully responsible for his performance. The Operating Principal (or his designee, if applicable) must devote substantial full time and best efforts to the supervision and performance of the Cafe. The Operating Principal must sign the Agreements as one of your Controlling Principals, and will individually guarantee all of your obligations, and will be jointly and severally bound by all of your obligations and the obligations of the Operating Principal and your Controlling Principals under the Agreements.

The Operating Principal (and any designee) must meet our standards for these positions, as provided in the Manuals or other written instructions. The Operating Principal (or his designee) must satisfy the training requirements stated in the Franchise Agreement.

If, during the term of the Agreements, the Operating Principal or any designee cannot serve as Operating Principal or no longer qualifies, you must promptly notify us and designate a replacement within 30 days after the Operating Principal or designee stops serving or no longer meets the requirements. Any replacement must meet the same qualifications listed above. You must provide for interim management of the Café until you designate a replacement. This interim management must be conducted in accordance with the Agreements.

We have identified certain persons under the Agreements that we refer to in this Disclosure Document as your Principals. Your Principals include your spouse, if you are a married individual, your Principals also include those of your business entity's officers and directors (including the officers and directors of your general partner, if applicable) whom we designate as your Principals and all holders of an ownership interest in you and in any entity that directly or indirectly controls you, and any other person or entity controlling, controlled by, or under common control with you.

If we designate certain of your Principals as Controlling Principals, they must sign the Franchise Agreement and/or Development Agreement, as applicable, and agree to be individually bound by certain obligations under the Agreements, including confidentiality and non-competition covenants and to personally guarantee your performance under the Agreements. We typically designate your principal equity owners and executive officers, as well as any other affiliated entities that operate Cafes as Controlling Principals.

Under the Franchise Agreement, you must retain at all times a General Manager and the other personnel that are needed to operate and manage the Cafe. The General Manager must satisfy our educational and business criteria as provided to you in the Manuals or other written instructions, and must be acceptable to us. In addition, the General Manager must be responsible for the supervision and management of the Cafe, and must devote full time and best efforts to this activity. The General Manager also must satisfy the applicable training requirements in the Franchise Agreement. If the General Manager cannot serve in the position or does not meet the requirements, he must be replaced within the same time period and under the same conditions stated above for the Operating Principal.

If you employ any individual as General Manager or in a managerial position who is at the time employed in a managerial position by us or any of our affiliates, or by another of our franchisees, developers or area representatives you must pay the former employer for the reasonable costs and expenses the employer incurred for the training of the employee.

You must also obtain covenants not to compete, including covenants applicable on the termination of the person's relationship with you, from your General Manager and any of your other management personnel who have received or will have access to our training before employment, and any holder of a beneficial interest in you (except for any limited partners) who is not designated as a Controlling Principal and does not sign the Franchise Agreement or the Development Agreement, as applicable, as a Controlling Principal. You must require all of your management personnel to sign covenants that they will maintain the confidentiality of information they receive or have access to based on their relationship with you. These covenants will be in substantially the same form attached to the Franchise Agreement as Attachment C and the Development Agreement as Attachment B. We reserve the right, in our discretion, to decrease the period of time or geographic scope of the noncompetition covenants contained in the attachments or eliminate the noncompetition covenants altogether for any party that is required to sign an agreement as described in this paragraph.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must comply with all of our standards and specifications relating to the purchase of all food, food products and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale systems, credit/debit card processing systems and computer and other technology systems), utensils and other kitchen items and products used or sold at the Cafe.

You must sell or offer for sale all menu items, food products, and other products and services we require, in the manner and style we require, including dine-in and carry-out, as expressly authorized by us in writing. You must sell and offer for sale only the menu items, and other products and services that we have expressly approved in writing. You must not deviate from our standards and specifications without first obtaining our written consent. You must discontinue selling and offering for sale any menu items, products or services that we may disapprove in writing at any time. We have the right to change the types of menu items, products and services offered by you at the Cafe at any time, and there are no limits on our right to make those changes. Under and during the term of the Master Product Reference Agreement, Nestle has the right to approve the types of products that may be sold at the Cafés.

You must maintain in sufficient supply and use and sell only the food and beverage items, ingredients, products, materials, supplies, and paper goods that conform to our standards and specifications. You must prepare all menu items with our recipes and procedures for preparation contained in the Manuals or other written instructions, including the measurements of ingredients. You must not deviate from our standards and specifications by the use or offer of nonconforming items or differing amounts of any items, without first obtaining our written consent.

You must honor the terms of all promotional or discount programs that we may offer to the public for System Cafes and comply with any pricing policies we may specify, including minimum and maximum price policies, minimum advertised price policies and unilateral price policies. We make no guarantees or warranties that offering any products or merchandise at a specific price will enhance your sales or profits.

We, our affiliates and Nestle have developed certain products for use in the System that are prepared from Nestle products or from proprietary recipes and certain products that bear the Marks. Because of the importance of quality and uniformity of production and the significance of the proprietary recipe and trademarked products in the System, it is to our and your benefit that we closely control the production and distribution of these products. You must use our and/or Nestlé's recipes and certain products manufactured by or on behalf of us or Nestle. You must purchase all of your requirements for these products only from us or from sources designated by us or, with respect to products manufactured by or on behalf of us or Nestle, from a seller of these products.

We may make available and may require you to purchase from us for resale to your customers certain pre-packaged food products and promotional merchandise, such as T-shirts and re-fill cups in amounts sufficient to meet your customer demand.

You must participate in any gift card program we establish. You may not create or issue your own gift cards.

We impose no other restrictions in the Franchise Agreement as to the goods or services that you may offer or sell or as to the customers to whom you may offer or sell.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in franchise or other agreement	Summary
a. Length of the term of the franchise	Section 3.1	Term continues for 10 years from the date the Café opens unless terminated earlier. If your Café will be operated at a non-traditional venue, the term will be co-terminus with your lease, up to 10 years (see Addendum to Franchise Agreement (Non-Traditional Venue).
b. Renewal or extension of the term	Section 3.2	Franchise Agreement may be renewed at your option for two additional 5 year terms. If your Café will be operated at a non-traditional venue, the renewal terms will match those in your lease, up to a total of 10 years (see Addendum to Franchise Agreement (Non-Traditional Venue).
c. Requirements for franchisee to renew or extend	Section 3.2	To renew you must give at least 6 months' notice, repair, replace and upgrade equipment and Cafe premises, not be in breach of any agreement with us or our affiliates, have the right to remain in possession of Cafe premises, pay renewal fee, sign our then-current franchise agreement (which may contain materially different terms and conditions than your franchise agreement) and general release, and comply with current qualification and training requirements (see State Addendums to Disclosure Document and State Amendments to Franchise Agreement).
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Sections 16.1, 16.2 and 16.3	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.
g. "Cause" defined – curable defaults	Sections 16.2 and 16.3; Section 12 of Addendum to Franchise Agreement (Red Mango Management Leveraging Program)	We may terminate you for cause if you fail to cure certain defaults, including: If you or any of your affiliates fail to pay any monies owed to us, or our affiliates or vendors, and do not cure within 5 days after notice (or longer period required), fail to have signed the Confidentiality and Noncompetition Covenants contained in the Franchise Agreement within 5 days after a request, fail to procure and maintain required insurance within 7 days after notice, use the Marks in an unauthorized manner and fail to cure within 24 hours after notice, if the Café is operated under a management leveraging program, fail to comply with the terms of franchise agreement relating to the other concept, fail to cure any other default that is susceptible of cure within 30 days after notice.
h. "Cause" defined – non-curable defaults	Sections 16.1 and 16.2	We may terminate you for cause if you fail to cure certain defaults, including: If you become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition initiated against you under federal bankruptcy laws, have outstanding judgments against you for over 30 days, sell unauthorized products or services, fail to acquire an accepted location within time required, fail to remodel when required, fail to open Cafe when required, abandon or lose right to the Cafe premises, are convicted of a felony or other crime that may have an adverse effect on the System or Marks, transfer any interest without our consent or maintain false books or records.
i. Franchisee's obligations on termination/non-renewal	Section 17	Obligations include: you must cease operating the Cafe and using the Marks and System and completely deidentify the business, pay all amounts due to us or our affiliates, return all Manuals and other proprietary materials, comply with confidentiality requirements, and at our option, sell or assign to us your rights in the Cafe premises and the equipment and fixtures used in the business.
j. Assignment of contract by franchisor	Section 14.1	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction.

Provision	Section in franchise or other agreement	Summary
k. "Transfer" by franchisee – defined	Section 14.2(a)	Includes sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Cafe or you (if you are not a natural person).
l. Franchisor approval of transfer by franchisee	Section 14.2(b)	You must obtain our consent before transferring any interest. We will not unreasonably withhold our consent.
m. Conditions for franchisor approval of transfer	Section 14.2(b); Section 15 of Addendum to Franchise Agreement (Red Mango Management Leveraging Program)	Conditions include: you must pay all amounts due us or our affiliates, not otherwise be in default, sign a general release, and pay a transfer fee. Transferee must meet our criteria, attend training, sign current Franchise Agreement and renovate, modernize and otherwise upgrade the Café to our current standards. If the Café is operated under a management leveraging program, the transferee must also purchase the franchise for the other concept (see State Addendums to Disclosure Document and State Amendments to Franchise Agreement).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14.4	Within 30 days after notice, we have the option to purchase the transferred interest on the same terms and conditions.
o. Franchisor's option to purchase franchisee's business	Sections 17.12 and 14.4	Other than assets on termination, nonrenewal or right of first refusal, we have no right or obligation to purchase your business.
p. Death or disability of franchisee	Section 14.5	If you or a Controlling Principal are a natural person, on death or permanent disability, we must approve your successor, or franchise must be transferred to someone approved by us within 6 months after death or notice of permanent disability.
q. Non-competition covenants during the term of the franchise	Section 10.3(a)	You are prohibited from operating or having an interest in a similar business.
r. Non-competition covenants after the franchise is terminated or expires	Section 10.3(b)	You and your Controlling Principals are prohibited for a period of 2 years from operating or having an interest in a similar business which is located, or is intended to be located within a 10-mile radius of any Cafe in existence or under construction as of the earlier of (i) the expiration or termination of, or the transfer of all of your interest in, the Franchise Agreement or (ii) the time a Controlling Principal ceases to satisfy the definition of a Controlling Principal, as applicable.
s. Modification of the agreement	Sections 10.1(e), 10.3(e) and 18.3	Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with the Manuals as amended.
t. Integration/merger clause	Section 18.2	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representation or promise made outside of the Franchise Agreement or this Disclosure Document may not be enforceable..
u. Dispute resolution by arbitration or mediation	Sections 18.8 and 18.9	Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be mediated at our headquarters or arbitrated in Dallas, Texas, subject to state law (see State Addendums to Disclosure Document and State Amendments to Franchise Agreement).
v. Choice of forum	Section 18.10	The venue for all proceedings related to or arising out of the Franchise Agreement is Dallas County, Texas, unless otherwise brought by us, subject to state law (see State Addendums to Disclosure Document and State Amendments to Franchise Agreement).
w. Choice of law	Section 18.11	The Franchise Agreement is to be interpreted, governed and construed under Texas law (except for Texas choice of law rules), subject to state law (see State Addendums to Disclosure Document and State Amendments to Franchise Agreement).

This table lists certain important provisions of the Development Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in development or other agreement	Summary
a. Length of the term of the franchise	Section 5	Term continues until you have completed your development obligations in accordance with the Development Schedule.
b. Renewal or extension of the term	Section 3.2	We may extend the term of the Development Agreement to allow you to develop additional Cafes.
c. Requirements for franchisee to renew or extend	Sections 3.2(b) and (c)	You must develop the additional Cafes.
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Sections 7.1-7.3	Following certain defaults, we may terminate the Development Agreement or modify your territorial rights or alter your Development Schedule, rather than terminate the Development Agreement.
g. "Cause" defined – curable defaults	Sections 7.2 and 7.3	We may terminate you for cause if you fail to cure certain defaults, including: If you or your affiliates fail to pay any monies owed to us, or our affiliates or vendors, and do not cure within 5 days after notice (or longer period required), fail to have signed the Confidentiality and Noncompetition Covenants contained in the Development Agreement within 30 days after a request, use the Marks in an unauthorized manner and fail to cure within 24 hours after notice or fail to cure any other default that is susceptible of cure within 30 days after notice. If you have both a Development Agreement and a Franchise Agreement, an uncured default under one is also a default under the other.
h. "Cause" defined – non-curable defaults	Sections 7.1 and 7.2	We may terminate you for cause based on certain noncurable defaults, including: If you become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition initiated against you under federal bankruptcy laws or similar state laws, have outstanding judgments against you for over 30 days, fail to comply with the Development Schedule, are convicted of a felony or other crime that may have an adverse effect on the System or Marks, or transfer any interest without our consent.
i. Franchisee's obligations on termination/non-renewal	Section 7.5	Obligations include: you must cease developing Cafes or, on a partial termination of territorial or development rights under 7.4, must continue to develop only in accordance with any modified Development Schedule, and must comply with all applicable confidentiality and noncompetition covenants.
j. Assignment of contract by franchisor	Section 8.1	We have the right to transfer or assign the Development Agreement to any person or entity without restriction.
k. "Transfer" by franchisee – defined	Section 8.2(a)	Includes sale, assignment, conveyance, gift, pledge, mortgage or other disposal or encumbrance of any direct or indirect interest in the Development Agreement or you (if you are not a natural person).
l. Franchisor approval of transfer by franchisee	Section 8.2(b)	You must obtain our consent before transferring any interest. We will not unreasonably withhold our consent.
m. Conditions for franchisor approval of transfer	Section 8.2(b)	Conditions include: you must pay all amounts due us and our affiliates, not otherwise be in default, execute a general release, remain liable for pre-transfer obligations and pay a transfer fee. Transferee must meet our criteria, assume post-transfer obligations, execute our then-standard Agreement and attend training (see State Addendums to Disclosure Document and State Amendments to Development Agreement).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 8.4	Within 30 days after notice, we have the option to purchase the transferred interest on the same terms and conditions offered by a third party.
o. Franchisor's option to purchase franchisee's business	Not Applicable.	Not Applicable.

Provision	Section in development or other agreement	Summary
p. Death or disability of franchisee	Section 8.5	If you or a Controlling Principal are a natural person, on death or permanent disability, we must approve your successor, or interest must be transferred to someone approved by us within 12 months after death or 6 months after notice of permanent disability.
q. Non-competition covenants during the term of the franchise	Section 9.2(a)	Except for Cafes you operate under Franchise Agreements with us, you and your Controlling Principals are prohibited from operating or having an interest in a similar business in the U.S. or anywhere else we have used, registered or sought to register the Marks or where we operate or license others.
r. Non-competition covenants after the franchise is terminated or expires	Section 9.2(b)	Except for Cafes you operate under Franchise Agreements with us, you and your Controlling Principals are prohibited for a period of 2 years from operating or having an interest in a similar business which is located, or is intended to be located within a 10-mile radius of any Cafe in existence or under construction as of the earlier of (i) the expiration, termination, or the transfer of all of your interest in the Development Agreement or (ii) the time a Controlling Principal ceases to satisfy the definition of a Controlling Principal, as applicable.
s. Modification of the agreement	Sections 9.2 and 11.3	Development Agreement may not be modified unless mutually agreed to in writing, except we may unilaterally decrease the scope of certain noncompetition covenants.
t. Integration/merger clause	Section 11.2	Only the terms of the Development Agreement and other related written agreements are binding (subject to applicable state law). Any representation or promise made outside of the Development Agreement or this Disclosure Document may not be enforceable.
u. Dispute resolution by arbitration or mediation	Sections 11.7 and 11.8	Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be mediated at our headquarters in Dallas, Texas, subject to state law (see State Addendums to Disclosure Document and State Amendments to Development Agreement).
v. Choice of forum	Section 11.9	The venue for all proceedings related to or arising out of the Development Agreement is Dallas, Texas, unless otherwise brought by us, subject to state law (see State Addendums to Disclosure Document and State Amendments to Development Agreement).
w. Choice of law	Section 11.10	The Development Agreement is to be interpreted and construed under Texas law (except for Texas choice of law rules), subject to state law (see State Addendums to Disclosure Document and State Amendments to Development Agreement).

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in this Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The following table lists by Café type the average unit volume (AUV) for annual Gross Sales, the median Gross Sales and the high and low Gross Sales during fiscal year 2016 of all franchised Cafes(1) in the

United States operating for at least 12 months as of the end of fiscal year 2016. As of the end of fiscal year 2016, there were 93 franchised Cafes[1] operating for at least 12 months, of which 48 were full menu in-line Cafes, 28 were kiosk Cafes and 17 were limited menu co-branded Cafes. The amounts in the table are based on information reported to us by franchisees in their weekly royalty reports. We have not audited, reviewed or verified this information. If a franchisee failed to submit a weekly royalty report, the prior week's figures were used to estimate the current week's sales totals.

Café Type	AUV	Median Gross Sales	High / Low Gross Sales
Inline[1]	$351,759	$323,759	$1,149,651 / $78,614
Kiosk[1]	$239,988	$215,802	$543,050 / $69,989
Co-Brand[1][2]	$248,701	$265,291	$459,232 / $33,492

[1] Excludes Gross Sales of any non-baking satellite cart or kiosk associated with the Cafe.
[2] Includes only Gross Sales related to Nestle Toll House Café by Chip; excludes Gross Sales related to the other brands.

20 of 48 inline Cafes (41.7%%) attained or surpassed the stated AUV for inline Cafes, 10 of 28 kiosk Cafes (35.7%) attained or surpassed the stated AUV for kiosk Cafes, and 9 of 17 co-brand Cafes (52.9%) attained or surpassed the stated AUV for co-brand Cafes.

Gross Sales means the total selling price of all services and products and all income of every other kind and nature related to the Cafes (including, income related to catering and delivery activities, and any sales or orders of food products or food preparation services provided from or related to the Cafe), whether for cash or credit and regardless of collection in the case of credit. Gross Sales excludes the sales and other taxes collected by franchisees in the operation of Cafes.

The Gross Sales attainable by each Café depends on many factors, including geographic differences, competition within the immediate market area, the quality and service provided to customers of the Café, the condition of the Café premises, as well as a franchisee's management skill, experience, business acumen and marketing and sales efforts.

Your actual financial results are likely to differ from the figures presented. The AUVs presented above represent Gross Sales before deductions for royalty and marketing fees payable to us and all other operating expenses. You should conduct an independent investigation of the costs and expenses franchisees will incur in operating their Cafes. Franchisees and former franchisees may be one source of this information.

The AUVs presented above are historical data of specific franchisees. Actual results vary from Café to Café, and we cannot meaningfully estimate the results of any particular Café or franchisee.

Written substantiation for the financial performance representation will be made available to you on reasonable request.

Other than the preceding financial performance representation, Crest Foods, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Ziad S. Dalal, 101 West Renner Road, Suite 240, Richardson, Texas 75082, Tel: 214-495-9533, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1 SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2014 TO 2016				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised	2014	87	88	+1
	2015	88	103	+15
	2016	103	102	-1
Company-Owned	2014	5	5	+0
	2015	5	2	-3
	2016	2	1	-1
Total Outlets	2014	92	93	+1
	2015	93	105	+12
	2016	105	103	-2

TABLE NO. 2 TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2014 to 2016		
State	**Year**	**Number of Transfers**
Arizona	2014	0
	2015	0
	2016	1
California	2014	1
	2015	4
	2016	1
Florida	2014	1
	2015	2
	2016	0
Illinois	2014	1
	2015	0
	2016	0
Maryland	2014	0
	2015	1
	2016	0
North Carolina	2014	0
	2015	1
	2016	0
Pennsylvania	2014	1
	2015	0
	2016	0
Texas	2014	1
	2015	5
	2016	7
Virginia	2014	0
	2015	1
	2016	0
Total	2014	4
	2015	14
	2016	9

TABLE NO. 3 STATUS OF FRANCHISE OUTLETS FOR YEARS 2014 to 2016								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termina-tions**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations – Other Reasons**	**Outlets at End of the Year**
Alabama	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Alaska	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Arizona	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Arkansas	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
California	2014	15	0	0	1	0	2	12
	2015	12	5	0	0	0	0	17
	2016	17	1	0	0	0	2	16
Colorado	2014	1	1	0	0	0	1	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Florida	2014	7	1	0	0	0	0	8
	2015	8	1	0	0	0	0	9
	2016	9	2	0	0	0	2	10
Georgia	2014	3	0	0	1	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	1	1
Illinois	2014	3	1	0	0	0	0	4
	2015	4	1	0	0	0	0	5
	2016	5	0	0	0	0	0	5
Indiana	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Kansas	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Kentucky	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
Louisiana	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	1	0	0	0	1	1
Maryland	2014	1	1	0	0	0	1	1
	2015	1	1	0	0	0	0	2
	2016	2	0	0	0	0	0	2
Michigan	2014	9	2	0	1	0	2	8
	2015	8	2	0	0	0	6	4
	2016	4	0	0	0	0	0	4
Minnesota	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2

TABLE NO. 3 STATUS OF FRANCHISE OUTLETS FOR YEARS 2014 to 2016								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Terminations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations – Other Reasons**	**Outlets at End of the Year**
Missouri	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	1	1
Nevada	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	1	0	0	0	0	3
New Jersey	2014	4	0	0	0	0	4	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
New Mexico	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
New York	2014	1	0	0	0	0	0	1
	2015	1	2	0	0	0	0	3
	2016	3	1	0	0	0	1	3
North Carolina	2014	4	1	0	0	0	0	5
	2015	5	1	0	0	0	0	6
	2016	6	0	0	0	0	1	5
Ohio	2014	1	0	0	0	0	1	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Oklahoma	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	1	0	0	0	0	2
Pennsylvania	2014	6	0	0	0	0	1	5
	2015	5	1	0	0	0	0	6
	2016	6	0	0	0	0	1	5
Puerto Rico	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
South Carolina	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
Texas	2014	18	7	0	0	0	4	21
	2015	21	5	0	0	0	0	26
	2016	26	3	0	0	0	2	27
Virginia	2014	3	1	0	0	0	0	4
	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	0	4
Washington	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	1	0
Total	2014	87	20	0	3	0	16	88
	2015	88	21	0	0	0	6	103
	2016	103	12	0	0	0	13	102

TABLE NO. 4 STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2014 to 2016							
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Indiana	2014	1	0	0	0	0	1
	2015	1	0	0	0	1	0
	2016	0	0	0	0	0	0
Michigan	2014	1	0	0	0	0	1
	2015	1	0	0	0	1	0
	2016	0	0	0	0	0	0
Pennsylvania	2014	0	1	0	0	0	1
	2015	1	0	0	0	1	0
	2016	0	0	0	0	0	0
Texas	2014	3	0	0	0	1	2
	2015	2	0	0	0	0	2
	2016	2	0	0	0	1	1
Total	2014	5	1	0	0	1	5
	2015	5	0	0	0	3	2
	2016	2	0	0	0	1	1

TABLE NO. 5 PROJECTED OPENINGS AS OF DECEMBER 31, 2016			
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Arizona	1	1	0
Arkansas	1	1	0
California	5	5	0
Florida	1	1	0
Illinois	1	1	0
Louisiana	1	1	0
Maryland	1	1	0
Michigan	1	1	0
New Hampshire	1	1	0
New York	3	3	0
North Carolina	1	1	0
Ohio	1	1	0
Oklahoma	2	2	0
Texas	6	10	0
Virginia	2	2	0
Total	28	32	0

As of the end of our most recent fiscal year, we have 2 outstanding Development Agreements for the development of 7 Cafes, some of which are already opened and/or under construction, and some of which are behind schedule and may never be opened.

The names, addresses and telephone numbers of all franchisees and the location of their Cafes as of the end of our most recently completed fiscal year, are attached as Exhibit J-1.

The names, addresses and telephone numbers of all franchisees who have had a Café terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise

Agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the application date, are attached as Exhibit J-2. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Franchisees have signed confidentiality clauses during our last three fiscal years. In some circumstances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with our System. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We have created a franchise advisory board known as the Crest Foods, Inc. Franchise Advisory Board. This board consists of a representative group of franchisees who meet periodically with our management to review plans and discuss other matters of common interests. This Board serves in an advisory capacity and does not have authority to establish or modify our policies. This board does not have an office, address, telephone number, email address or web address.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit A are audited financial statements for fiscal years ended December 28, 2014, December 27, 2015 and December 25, 2016 and unaudited financial statements for the period ended February 19, 2017.

ITEM 22
CONTRACTS

Attached as Exhibits to this Disclosure Document are the following contracts and their attachments:

1.	Franchise Agreement	Exhibit B
2.	Development Agreement	Exhibit C
3.	Electronic Funds Transfer Authorization	Exhibit D
4.	Power of Attorney (Telecommunications)	Exhibit E
5.	Power of Attorney (Tax)	Exhibit F
6.	Form of Franchise Application	Exhibit L
7.	Form of FDD-Franchise Agreement Review	Exhibit M
8.	Form of General Release	Exhibit N
9.	Form of Management Agreement	Exhibit O
10.	Form of Release and Indemnity	Exhibit P

ITEM 23
RECEIPTS

When you receive this Disclosure Document, please have all applicants sign and return Copy 2 of the appropriate Receipt page attached at the back of this Disclosure Document to Crest Foods, Inc., 101 West Renner Road, Suite 240, Richardson, Texas 75082, acknowledging your receipt of the Disclosure Document. Please keep Copy 1 for your records.

STATE, PUERTO RICO AND U.S. VIRGIN ISLANDS ADDENDUMS TO CREST FOODS, INC. FRANCHISE DISCLOSURE DOCUMENT

CALIFORNIA

STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF CALIFORNIA APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT

- THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

- Neither the Franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the securities exchange act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

- Enforceability of termination upon bankruptcy is a matter governed by federal bankruptcy law, and enforceability or nonenforceability is subject to that law and rulings or to a court of competent jurisdiction.

- California Franchise Investment Law and California Franchise Relationship Act provide rights to the Franchisee concerning termination, nonrenewal and other aspects of the Agreement and the Franchise relationship.

- The Agreement requires binding arbitration. The arbitration will occur at Dallas, Texas with the costs being borne as the arbitrator determines. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and professions Code Section 2004.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restriction venue to a forum outside the State of California.

ILLINOIS

STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF ILLINOIS APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act, or any other law of Illinois is void.

INDIANA

STATUTORY AND REGULATORY PROVISIONS AND
REQUIREMENTS OF THE STATE OF INDIANA APPLICABLE TO THE
FRANCHISE DISCLOSURE DOCUMENT

- The Indiana Deceptive Franchise Practices Law provides certain rights to the Franchisee concerning termination, nonrenewal and other aspects of the Agreement and the Franchise relationship.

MARYLAND

STATUTORY AND REGULATORY PROVISIONS AND
REQUIREMENTS OF THE STATE OF MARYLAND APPLICABLE TO THE
FRANCHISE DISCLOSURE DOCUMENT

Item 17, "Renewal, Termination, Transfer and Dispute Resolution" is amended as follows:

(a) By adding the following in the "Summary" column opposite category c., "Requirements for you to renew or extend":

> "The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

(b) By adding the following in the "Summary" column opposite category m., "Conditions for our approval of transfer":

> "The general release required as a condition of sale, assignment and/or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

(c) By adding the following in the "Summary" column opposite category v., "Choice of forum":

> "You may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

(d) By adding the following after the table in Item 17:

> "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

MICHIGAN

STATUTORY AND REGULATORY PROVISIONS AND
REQUIREMENTS OF THE STATE OF MICHIGAN APPLICABLE TO THE
FRANCHISE DISCLOSURE DOCUMENT

THIS DISCLOSURE DOCUMENT SUMMARIZES PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF WE OFFER YOU A FRANCHISE, WE MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU BY THE EARLIEST OF:

(1) THE FIRST PERSONAL MEETING TO DISCUSS OUR FRANCHISE; OR

(2) TEN BUSINESS DAYS BEFORE SIGNING OF A BINDING AGREEMENT; OR

(3) TEN BUSINESS DAYS BEFORE ANY PAYMENT TO US.

YOU MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST FIVE BUSINESS DAYS BEFORE YOU SIGN ANY FRANCHISE AGREEMENT.

IF WE DO NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, 670 LAW BLDG., LANSING, MICHIGAN 48913.

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE, AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK,

SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

* * * *

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN $100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

MINNESOTA

STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF MINNESOTA APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT

- The following language will apply to Minnesota franchisees and will amend Item 17 of the Disclosure Document and the Cover Page:

  Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- Items 17. b., c., d., e., f., g. and h. of the Disclosure Document are modified to reflect that Minnesota law provides franchisees with certain termination and nonrenewal rights. Minn. Stat. § 80C.14, Subds. 3,4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Agreement.

- Item 17.m. is amended to reflect that the general release language is deleted in the Agreements issued to Minnesota franchisees.

NEW YORK

STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF NEW YORK APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT

Item 3, "Litigation" is hereby amended by deleting the first paragraph in that Item and replacing it by the following language:

"(1) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark has pending any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging a violation of any franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable allegations.

(2) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the date of this Disclosure Document, has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved a violation of any franchise, anti fraud or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, misappropriation of property or comparable allegations.

(3) Neither we, any predecessor any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark is subject to any currently effective injunctive or restrictive order or decree relating to franchises or under any Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent."

Item 4, "Bankruptcy" is hereby deleted in its entirety and the following language substituted in lieu thereof:

"Neither we, nor any affiliate or predecessor or current officer have during the 10 year period immediately before the date of this Disclosure Document (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer held this position with the company or partnership."

Item 17, "Renewal, Termination, Transfer and Dispute Resolution" is amended as follows:

(a) By adding the following in the "Summary" column opposite category d., "Termination by you":

"To the extent required by the New York General Business Law, you may terminate the Agreement on any grounds available by law."

(b) By adding the following in the "Summary" column opposite category w., "Choice of law":

"The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33."

NORTH DAKOTA

STATUTORY AND REGULATORY PROVISIONS AND
REQUIREMENTS OF THE STATE OF NORTH DAKOTA APPLICABLE TO THE
FRANCHISE DISCLOSURE DOCUMENT

- Applicable law provisions of the Agreement are amended as to North Dakota franchises.
- The provisions of Section 18.14 of the Franchise Agreement and Section 11.13 of the Development Agreement are amended with respect to North Dakota franchisees.

RHODE ISLAND

STATUTORY AND REGULATORY PROVISIONS AND
REQUIREMENTS OF THE STATE OF RHODE ISLAND APPLICABLE TO THE
FRANCHISE DISCLOSURE DOCUMENT

The following language will apply to Disclosure Documents issued in Rhode Island and be attached by addendum to Agreements issued in the state of Rhode Island:

- If any of the provisions of this Disclosure Document (Risk Factor 1., Cover Page, and Item 17w) are inconsistent with §19-28.1-14 of the Rhode Island Franchise Investment Act, which states that a provision in an Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act, then said Rhode Island law will apply.

VIRGINIA

STATUTORY AND REGULATORY PROVISIONS AND
REQUIREMENTS OF THE STATE OF VIRGINIA APPLICABLE TO THE
FRANCHISE DISCLOSURE DOCUMENT

Virginia Retail Franchising Act, §13.1-557 through 574 (the "Act") provides rights to the franchisee concerning termination or nonrenewal of a franchise. If the Act applies and the Agreement is inconsistent with the Act, the Act will control.

In recognition of the restrictions contained in Section 13.1-564 of the Act, the Franchise Disclosure Document for Crest Foods, Inc. for use in the Commonwealth of Virginia is hereby amended as follows:

The following statements are added to Item 17.h. in the table relating to the Franchise Agreement:

> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

The following statements are added to Item 17.h. in the table relating to the Development Agreement:

> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Development Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

STATUTORY AND REGULATORY PROVISIONS AND
REQUIREMENTS OF THE STATE OF WASHINGTON APPLICABLE TO THE
FRANCHISE DISCLOSURE DOCUMENT

The following language will be attached by addendum to the Agreements issued in the state of Washington:

- Provisions of the Agreement contract may be inconsistent with the provisions of the Washington Franchise Investment Protection Act, RCW Chapter 19.100 ("the Act").

- In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of arbitration, or as determined by the arbitrator.

- Transfer fees are collectible to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

- The provisions of Washington statute RCW 19.100.180 and/or certain court decisions may supersede the provisions in the Agreement relating to Franchisee's relationship with Franchisor, including provisions relating to renewal and termination of the franchise.

- A release or waiver of rights executed by Franchisee shall not include rights under the Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act and rights or remedies under the Act such as a right to a jury trial may not be enforceable.

WISCONSIN

STATUTORY AND REGULATORY PROVISIONS AND
REQUIREMENTS OF THE STATE OF WISCONSIN APPLICABLE TO THE
FRANCHISE DISCLOSURE DOCUMENT

The following will apply to Disclosure Documents issued in the state of Wisconsin:

- The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135, may apply to and govern the provisions of franchise Disclosure Documents issued in Wisconsin.

- The Act's requirements, including the requirements that, in certain circumstances, a franchisee receives ninety (90) days' notice of termination, cancellation, nonrenewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, may supersede the requirements of the Agreement, to the extent that they may be inconsistent with the Act's requirements.

PUERTO RICO

STATUTORY, REGULATORY AND OTHER PROVISIONS AND REQUIREMENTS OF PUERTO RICO APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT

The third sentence of the second paragraph of Item 5 is amended to read as follows:

> "If you are an existing RM franchisee and desire to convert your Store to a NTHC/RM Leveraged Concept, the initial franchise fee for the Café will be $5,000, provided that, until December 31, 2017, the initial franchise fee will be $7,500 and we will reimburse you for your grand opening advertising, up to $5,000."

The Marketing Fund information in the Item 6 table is amended to read as follow

Marketing Fund	Currently 3.0% of Gross Sales. Maximum of 4% of Gross Sales. (4)	Weekly on Wednesday.	We have the right to require you to contribute up to a maximum of 4% of Gross Sales. Amounts due will be withdrawn by EFT from your designated bank account. (3)

Footnote (4) at the end of the Item 6 table is amended to read as follows:

> "(4) Your total required advertising contributions or payments (i) to a Fund, (ii) to a Cooperative, and (iii) for Local Advertising will not exceed 4% of your Gross Sales."

The following paragraph is added at the end of Item 6 to read as follows:

> "If you are required to be withheld taxes on amounts payable to us under the Franchise Agreement or Development Agreement , or if we are otherwise liable for any taxes with respect to payments made under the Franchise Agreement or Development Agreement, you must indemnify us for (i) the full amount by which such taxes withheld or otherwise imposed exceeds the amount of such taxes that we (or our affiliates) credit against our U.S. federal income tax liability for the year of receipt of the related payments pursuant to the provisions of applicable law, and (ii) any other liability (including penalties, interest and expenses) arising from or concerning the payment of such taxes."

The second paragraph under the heading "**Advertising**" in Item 11 is amended to read as follows:

> "We have established a marketing fund (the "Fund") on behalf of the System for advertising and marketing of Cafes. You must make weekly contributions to the Fund to be paid in the same manner as the royalty payments. Initially that contribution will be 3% of your Café's Gross Sales. We may increase the amount you must contribute to the Fund, up to a maximum of 4% of your Café's Gross Sales. We may require you to allocate to the Fund all or part of your required Local Advertising expenditures and Cooperative contributions (described below). We or our affiliates will contribute to the Fund generally on the same basis as you do for Cafes that we or they operate."

The ninth paragraph under the heading "**Advertising**" in Item 11 is amended to read as follows:

> "Your total required contribution to the Fund and the Cooperative and expenditure for Local Advertising will not exceed 4% of your Gross Sales."

The first and second paragraphs under the heading "**General**" in Item 12 are amended to read as follows:

> "Under a Development Agreement between us and Nestle Puerto Rico, Inc. ("Nestle PR") dated as of January 1, 2002 (the "Nestle PR Development Agreement"), Nestle PR granted us the exclusive right to feature the combined Mark "Nestle Toll House" prominently on permanent store-front signage on Cafes that are developed in Puerto Rico and the U.S. Virgin Islands. Nestle PR may revoke our exclusivity in Puerto Rico and the U.S. Virgin Islands if we are not in compliance with the development schedule contained in the Nestle PR Development Agreement (see the redacted copy of the Nestle PR Development Agreement attached as Attachment C to the Amendment to Crest Foods, Inc. Development Agreement (Puerto Rico and U.S. Virgin Islands) attached as Exhibit C-1). As of the date of Disclosure Document we are not in compliance with the development schedule. On termination of our exclusivity in Puerto Rico and the U.S. Virgin Islands, Nestle PR may establish cafes similar to your Café anywhere in the world, including in your Territory or Assigned Area, under the mark "Nestle Toll House" or under any other marks, and may authorize others to do so. The Nestle PR Development Agreement expires on December 31, 2021.
>
> At any time Nestle PR may establish cafes similar to your Café anywhere in the world (other than in Puerto Rico and the U.S. Virgin Islands) under the mark "Nestle Toll House," or anywhere in the world under any other marks, and may authorize others to do so. On termination or expiration of the Nestle PR Development Agreement, Nestle PR may establish cafes similar to your Café anywhere in the world, including in your Territory or Assigned Area, under the mark "Nestle Toll House" or under any other marks, and may authorize others to do so. Nestle PR may at any time sell food and beverage services under its Marks at or through any other distribution system or food service facility in your Territory or Assigned Area."

The sixth and seventh paragraphs in Item 13 are amended to read as follows:

> "SPN owns the "Nestle" and "Toll House" Marks and has licensed Nestle PR to use these Marks in Puerto Rico and the U.S. Virgin Islands. Under the Nestle PR Development Agreement, Nestle PR granted us the exclusive right to feature the Mark "Nestle Toll House" prominently on permanent store-front signage, in accordance with the PR Master Product Reference Agreement (as defined below), on Cafes that are developed within the Puerto Rico and the U.S. Virgin Islands under the Nestle PR Development Agreement. The Nestle PR Development Agreement expires on December 31, 2021, and may be terminated earlier by Nestle PR on the occurrence of any of the following: (1) if we transfer or attempt to transfer any rights or obligations in violation of the Nestle PR Development Agreement, (2) if the PR Master Product Reference Agreement is terminated, or (3) if we default in any other manner in the performance of any of the terms, conditions or provisions in the Nestle PR Development Agreement and this default is not remedied within 30 days after written notice. The Nestle PR Development Agreement will terminate immediately if we file a petition for bankruptcy or an order for relief under the Bankruptcy Code or other insolvency law is entered against us or if we are adjudicated as bankrupt, or if a petition is filed against us, or if we become insolvent or make an assignment for the benefit of our creditors or an arrangement under any bankruptcy or insolvency law, or if we discontinue our business, or suspend active operations or any substantial part thereof for a period in excess of 5 consecutive days, or if a receiver is appointed for us or our business. Nestle PR may revoke our exclusivity in Puerto Rico and the U.S. Virgin Islands if we are not in compliance with the development schedule contained in the Nestle PR Development Agreement (see the redacted copy of the Nestle PR Development Agreement attached as Attachment C to the Amendment to Crest Foods, Inc. Development Agreement (Puerto Rico and U.S. Virgin Islands) attached as Exhibit C-1). As of the date of Disclosure Document we are not in compliance with the development schedule. On termination of our exclusivity in Puerto Rico and the U.S. Virgin

Islands, Nestle PR may establish cafes similar to your Café anywhere in the world, including in your Territory or Assigned Area, under the mark "Nestle Toll House" or under any other marks, and may authorize others to do so.

Under a Master Product Reference Agreement dated as of January 1, 2002 (the "PR Master Product Reference Agreement"), with respect to each Café developed under the Nestle PR Development Agreement, Nestle PR granted us an exclusive right, during the term of the PR Master Product Reference Agreement, to feature the Mark "Nestle Toll House" prominently on permanent store-front signage in accordance with guidelines established by Nestle PR and us. The PR Master Product Reference Agreement expires 10 years from the expiration or termination of the Nestle PR Development Agreement. The Nestle PR Development Agreement expires on December 31, 2021 and may be terminated earlier by Nestle PR on the occurrence of any of the events described in the immediately preceding paragraph. Unless the Nestle PR Development Agreement is terminated before it expires, the PR Master Product Reference Agreement will expire on December 31, 2031. The PR Master Product Reference Agreement may be terminated before its expiration date by Nestle PR on the occurrence of any of the following: (1) if we transfer or attempt to transfer any rights or obligations in violation of the PR Master Product Reference Agreement or (2) if we default in any other manner in the performance of any of the terms, conditions or provisions in the PR Master Product Reference Agreement and this default is not remedied within 30 days after written notice. The PR Master Product Reference Agreement will terminate immediately if we file a petition for bankruptcy or an order for relief under the Bankruptcy Code or other insolvency law is entered against us or if we are adjudicated as bankrupt, or if a petition is filed against us, or if we become insolvent or make an assignment for the benefit of our creditors or an arrangement under any bankruptcy or insolvency law, or if we discontinue our business, or suspend active operations or any substantial part thereof for a period in excess of 5 consecutive days, or if a receiver is appointed for us or our business. On termination or expiration of the PR Master Product Reference Agreement, our right to use the Mark "Nestle Toll House" will terminate, the Cafés will no longer be able to feature the Mark "Nestle Toll House" prominently on permanent store-front signage and the Cafes will need to be rebranded under a different Mark that we designate."

U.S. VIRGIN ISLANDS

STATUTORY, REGULATORY AND OTHER PROVISIONS AND REQUIREMENTS OF THE U.S. VIRGIN ISLANDS APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT

The following paragraph is added at the end of Item 6 to read as follows:

"If you are required to be withheld taxes on amounts payable to us under the Franchise Agreement or Development Agreement , or if we are otherwise liable for any taxes with respect to payments made under the Franchise Agreement or Development Agreement, you must indemnify us for (i) the full amount by which such taxes withheld or otherwise imposed exceeds the amount of such taxes that we (or our affiliates) credit against our U.S. federal income tax liability for the year of receipt of the related payments pursuant to the provisions of applicable law, and (ii) any other liability (including penalties, interest and expenses) arising from or concerning the payment of such taxes."

The first and second paragraphs under the heading "**General**" in Item 12 are amended to read as follows:

"Under a Development Agreement between us and Nestle Puerto Rico, Inc. ("Nestle PR") dated as of January 1, 2002 (the "Nestle PR Development Agreement"), Nestle PR granted us the exclusive right to feature the combined Mark "Nestle Toll House" prominently on permanent store-front signage on Cafes that are developed in Puerto Rico and the U.S. Virgin Islands. Nestle PR may revoke our exclusivity in Puerto Rico and the U.S. Virgin Islands if we are not in compliance with the development schedule contained in the Nestle PR Development Agreement (see the redacted copy of the Nestle PR Development Agreement attached as Attachment C to the Amendment to Crest Foods, Inc. Development Agreement (Puerto Rico and U.S. Virgin Islands) attached as Exhibit C-1). As of the date of Disclosure Document we are not in compliance with the development schedule. On termination of our exclusivity in Puerto Rico and the U.S. Virgin Islands, Nestle PR may establish cafes similar to your Café anywhere in the world, including in your Territory or Assigned Area, under the mark "Nestle Toll House" or under any other marks, and may authorize others to do so. The Nestle PR Development Agreement expires on December 31, 2021.

At any time Nestle PR may establish cafes similar to your Café anywhere in the world (other than in Puerto Rico and the U.S. Virgin Islands) under the mark "Nestle Toll House," or anywhere in the world under any other marks, and may authorize others to do so. On termination or expiration of the Nestle PR Development Agreement, Nestle PR may establish cafes similar to your Café anywhere in the world, including in your Territory or Assigned Area, under the mark "Nestle Toll House" or under any other marks, and may authorize others to do so. Nestle PR may at any time sell food and beverage services under its Marks at or through any other distribution system or food service facility in your Territory or Assigned Area."

The sixth and seventh paragraphs in Item 13 are amended to read as follows:

"SPN owns the "Nestle" and "Toll House" Marks and has licensed Nestle PR to use these Marks in Puerto Rico and the U.S. Virgin Islands. Under the Nestle PR Development Agreement, Nestle PR granted us the exclusive right to feature the Mark "Nestle Toll House" prominently on permanent store-front signage, in accordance with the PR Master Product Reference Agreement (as defined below), on Cafes that are developed within the Puerto Rico and the U.S. Virgin Islands under the Nestle PR Development Agreement. The Nestle PR Development Agreement expires on December 31, 2021, and may be terminated earlier by Nestle PR on the occurrence of any of the following: (1) if we transfer or attempt to transfer any rights or obligations in violation of the Nestle PR Development Agreement, (2) if the PR Master Product Reference Agreement is terminated, or (3) if we default in any other manner in the performance of any of the terms, conditions or provisions in the Nestle PR Development Agreement and this default is not remedied within 30 days after written notice. The Nestle PR Development Agreement will terminate immediately if we file a petition for bankruptcy or an order for relief under the Bankruptcy Code or other insolvency law is entered against us or if we are adjudicated as bankrupt, or if a petition is filed against us, or if we become insolvent or make an assignment for the benefit of our creditors or an arrangement under any bankruptcy or insolvency law, or if we discontinue our business, or suspend active operations or any substantial part thereof for a period in excess of 5 consecutive days, or if a receiver is appointed for us or our business. Nestle PR may revoke our exclusivity in Puerto Rico and the U.S. Virgin Islands if we are not in compliance with the development schedule contained in the Nestle PR Development Agreement (see the redacted copy of the Nestle PR Development Agreement attached as Attachment C to the Amendment to Crest Foods, Inc. Development Agreement (Puerto Rico and U.S. Virgin Islands) attached as Exhibit C-1). As of the date of Disclosure Document we are not in compliance with the development schedule. On termination of our exclusivity in Puerto Rico and the U.S. Virgin Islands, Nestle PR may establish cafes similar to your Café anywhere in the world, including in your Territory or Assigned Area, under the mark "Nestle Toll House" or under any other marks, and may authorize others to do so.

Under a Master Product Reference Agreement dated as of January 1, 2002 (the "PR Master Product Reference Agreement"), with respect to each Café developed under the Nestle PR Development Agreement, Nestle PR granted us an exclusive right, during the term of the PR Master Product Reference Agreement, to feature the Mark "Nestle Toll House" prominently on permanent store-front signage in accordance with guidelines established by Nestle PR and us. The PR Master Product Reference Agreement expires 10 years from the expiration or termination of the Nestle PR Development Agreement. The Nestle PR Development Agreement expires on December 31, 2021 and may be terminated earlier by Nestle PR on the occurrence of any of the events described in the immediately preceding paragraph. Unless the Nestle PR Development Agreement is terminated before it expires, the PR Master Product Reference Agreement will expire on December 31, 2031. The PR Master Product Reference Agreement may be terminated before its expiration date by Nestle PR on the occurrence of any of the following: (1) if we transfer or attempt to transfer any rights or obligations in violation of the PR Master Product Reference Agreement or (2) if we default in any other manner in the performance of any of the terms, conditions or provisions in the PR Master Product Reference Agreement and this default is not remedied within 30 days after written notice. The PR Master Product Reference Agreement will terminate immediately if we file a petition for bankruptcy or an order for relief under the Bankruptcy Code or other insolvency law is entered against us or if we are adjudicated as bankrupt, or if a petition is filed against us, or if we become insolvent or make an assignment for the benefit of our creditors or an arrangement under any bankruptcy or insolvency law, or if we discontinue our business, or suspend active operations or any substantial part thereof for a period in excess of 5 consecutive days, or if a receiver is appointed for us or our business. On termination or expiration of the PR Master Product Reference Agreement, our right to use the Mark "Nestle Toll House" will terminate, the Cafés will no longer be able to feature the Mark "Nestle Toll House" prominently on permanent store-front signage and the Cafes will need to be rebranded under a different Mark that we designate."

The following paragraph is added at the end of Item 17 to read as follows:

"Virgin Islands Code, Title 12A, Chapter 2, Subchapter III, Section 131 requires that a franchisee be given at least 120 days' notice of termination, cancellation or nonrenewal of the franchise agreement."

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Crest Foods, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Crest Foods, Inc. or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

If Crest Foods, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state administrator listed in Exhibit H.

The name, principal business address and telephone number of each franchise seller offering this franchise is as follows: Rudy Frederico, Ziad S. Dalal and Kimberly Tauch, 101 West Renner Road, Suite 240, Richardson, Texas 75082, (214) 495-9533 and ______________________________.

The issuance date of this Disclosure Document is April 14, 2017, as amended October 15, 2017, and the effective dates for this Disclosure Document in certain states are listed on the State Cover Page.

I received a Disclosure Document dated April 14, 2017, as amended October 15, 2017, that included the following exhibits:

State Addendums to Disclosure Document

Exhibit A	Financial Statements
Exhibit B	Franchise Agreement
Exhibit B-1	State, Puerto Rico and U.S. Virgin Islands Amendments to Franchise Agreement
Exhibit B-2	Addendum to Franchise Agreement (Satellite)
Exhibit B-3	Addendum to Franchise Agreement (Non-Traditional Venue)
Exhibit B-4	Addendum To Franchise Agreement (Red Mango Management Leveraging Program)
Exhibit C	Development Agreement
Exhibit C-1	State, Puerto Rico and U.S. Virgin Islands Amendments to Development Agreement
Exhibit D	Electronic Funds Transfer Authorization
Exhibit E	Power of Attorney (Telecommunications)
Exhibit F	Power of Attorney (Tax)
Exhibit G	Manuals Table of Contents
Exhibit H	List of State Administrators
Exhibit I	Agents for Service of Process
Exhibit J-1	List of Franchisees
Exhibit J-2	List of Franchisees Who Have Left the System
Exhibit K	Item 2, 3 and 4 Disclosure for Area Representatives
Exhibit L	Form of Franchise Application
Exhibit M	Form of FDD-Franchise Agreement Review
Exhibit N	Form of General Release
Exhibit O	Form of Management Agreement
Exhibit P	Form of Release and Indemnity

Printed Name	Title	Signature	Date
____________	____________	____________	____________
____________	____________	____________	____________

ENTITY NAME (if applicable):______________________________

COPY 2. RETURN THIS COPY TO:

Crest Foods, Inc.
101 West Renner Road, Suite 240
Richardson, Texas 75082
Attn: Franchise Administrator
Fax: (972) 619-6056
Email: franchising@nestlecafe.com

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Crest Foods, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Crest Foods, Inc. or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

If Crest Foods, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state administrator listed in Exhibit H.

The name, principal business address and telephone number of each franchise seller offering this franchise is as follows: Rudy Frederico, Ziad S. Dalal and Kimberly Tauch, 101 West Renner Road, Suite 240, Richardson, Texas 75082, (214) 495-9533 and ____.

The issuance date of this Disclosure Document is April 14, 2017, as amended October 15, 2017, and the effective dates for this Disclosure Document in certain states are listed on the State Cover Page.

I received a Disclosure Document dated April 14, 2017, as amended October 15, 2017, that included the following exhibits:

State Addendums to Disclosure Document

Exhibit A	Financial Statements
Exhibit B	Franchise Agreement
Exhibit B-1	State, Puerto Rico and U.S. Virgin Islands Amendments to Franchise Agreement
Exhibit B-2	Addendum to Franchise Agreement (Satellite)
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Printed Name	Title	Signature	Date
____________________	______________	____________________	______________
____________________	______________	____________________	______________

ENTITY NAME (if applicable):____

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